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6531-01-P

COMMODITY FUTURES TRADING COMMISSION

17 CFR Parts 39 and 140

RIN 3038-AF12

Reporting and Information Requirements for Derivatives Clearing Organizations

AGENCY: Commodity Futures Trading Commission.

ACTION: Notice of proposed rulemaking.

SUMMARY: The Commodity Futures Trading Commission (CFTC or Commission) is proposing to amend certain reporting and information regulations applicable to derivatives clearing organizations (DCOs). These proposed amendments would, among other things, update information requirements associated with commingling customer funds and positions in futures and swaps in the same account, address certain systems-related reporting obligations regarding exceptional events, revise certain daily and event-specific reporting requirements, and include in an appendix the fields that a DCO is required to provide on a daily basis. In addition, the Commission is proposing to amend certain delegation provisions.

DATES: Comments must be received by **[INSERT DATE 60 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER]**.

ADDRESSES: You may submit comments, identified by "Reporting and Information Requirements for Derivatives Clearing Organizations" and RIN number 3038-AF12, by any of the following methods:

- *CFTC Comments Portal*: *https://comments.cftc.gov*. Select the "Submit Comments" link for this rulemaking and follow the instructions on the Public Comment Form.

- *Mail*: Send to Christopher Kirkpatrick, Secretary of the Commission, Commodity Futures Trading Commission, Three Lafayette Centre, 1155 21st Street, NW, Washington, DC 20581.

- *Hand Delivery/Courier*: Follow the same instructions as for Mail, above.

Please submit your comments using only one of these methods. To avoid possible delays with mail or in-person deliveries, submissions through the CFTC Comments Portal are encouraged.

All comments must be submitted in English, or if not, accompanied by an English translation. Comments will be posted as received to *https://comments.cftc.gov*. You should submit only information that you wish to make available publicly. If you wish the Commission to consider information that you believe is exempt from disclosure under the Freedom of Information Act (FOIA), a petition for confidential treatment of the exempt information may be submitted according to the procedures established in § 145.9 of the Commission's regulations.[1]

The Commission reserves the right, but shall have no obligation, to review, pre-screen, filter, redact, refuse or remove any or all of your submission from *https://comments.cftc.gov* that it may deem to be inappropriate for publication, such as obscene language. All submissions that have been redacted or removed that contain comments on the merits of the rulemaking will be retained in the public comment file and will be considered as required under the Administrative Procedure Act and other applicable laws, and may be accessible under the FOIA.

FOR FURTHER INFORMATION CONTACT: Eileen A. Donovan, Deputy Director, 202-418-5096, *edonovan@cftc.gov*; Parisa Nouri, Associate Director, 202-418-6620, *pnouri@cftc.gov*; or August A. Imholtz III, Special Counsel, 202-418-5140,

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[1] 17 CFR 145.9. Commission regulations referred to in this release are found at 17 CFR chapter I (2021), and are accessible on the Commission's website at *https://www.cftc.gov/LawRegulation/CommodityExchangeAct/index.htm*.

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SUPPLEMENTARY INFORMATION:

Table of Contents

I. Background

Regulatory requirements for DCOs are set forth in part 39 of the Commission's regulations. In January 2020, the Commission amended many of the provisions in part 39 in order to, among other things, enhance certain risk management and reporting obligations, clarify the meaning of certain provisions, and simplify processes for registration and reporting.[2] Since that time, the Commission has become aware of certain issues with the amended reporting and information requirements that would benefit from further change or clarification. These proposed changes are discussed in greater detail below.[3]

II. Proposed Amendments to § 39.13(h)(5)

Regulation 39.13(h)(5) requires a DCO to have rules that require its clearing members to maintain current written risk management policies and procedures; ensure that it has the authority to request and obtain information and documents from its clearing members regarding their risk management policies, procedures, and practices; and require its clearing members to make information and documents regarding their risk management policies, procedures, and practices available to the Commission upon the Commission's request. It also requires the DCO to review the risk management policies, procedures, and practices of each of its clearing members on a periodic basis.

It is the Commission's view that these requirements are unnecessary for clearing members that clear only fully collateralized positions, as fully collateralized positions do not expose the DCO to any credit or default risk stemming from the inability of a clearing member to meet a margin call or a call for additional capital. Therefore, and consistent with other recent amendments to part 39 to address fully collateralized positions,[4] the Commission is proposing new § 39.13(h)(5)(iii), which would provide that a DCO that

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[2] Derivatives Clearing Organization General Provisions and Core Principles, 85 FR 4800 (Jan. 27, 2020), available at *https://www.federalregister.gov/documents/2020/01/27/2020-01065/derivatives-clearing-organization-general-provisions-and-core-principles*.

[3] The Commission is also proposing a technical correction to § 39.25(c), changing the word "describe" to "have."

[4] *See* 85 FR 4800, 4803 – 4805.

clears fully collateralized positions may exclude from the requirements of paragraphs (h)(5)(i) and (ii) those clearing members that clear only fully collateralized positions.[5] These requirements would still apply in the case of clearing members that clear fully collateralized positions but also margined products.[6]

III. Proposed Amendments to § 39.15(b)(2)

Regulation 39.15(b)(2) sets forth procedures a DCO must follow to obtain Commission approval to commingle customer positions and associated funds from two or more of three separate account classes—futures and options, foreign futures and options, and swaps—in either a futures or cleared swaps customer account.

Regulation 39.15(b)(2)(i) requires a DCO seeking to commingle customer positions and associated funds in a cleared swaps customer account subject to Section 4d(f) of the Commodity Exchange Act (CEA)[7] to submit rules pursuant to § 40.5 for Commission approval.[8] Regulation 39.15(b)(2)(ii) requires a DCO seeking to commingle customer positions and associated funds in a futures account subject to Section 4d(a) of the CEA to also submit rules for approval pursuant to § 40.5.[9]

Until § 39.15(b)(2)(ii) was amended in 2020, a DCO seeking to commingle in a futures account had to seek a Commission order. Given that the procedural requirements are now the same with respect to both futures and cleared swaps customer accounts, the Commission is proposing to consolidate paragraphs (b)(2)(i) and (b)(2)(ii) into a single paragraph.

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[5] By adopting this regulation, this requirement would be consistent with and would supersede a related interpretation issued by the Division of Clearing and Risk. *See* CFTC Letter No. 14-05 (Jan. 16, 2014).
[6] The Commission is also proposing to combine paragraphs (h)(5)(i)(B) and (C) of § 39.13, which require, respectively, that a DCO have rules that: ensure that it has the authority to request and obtain information and documents from its clearing members regarding their risk management policies, and require its clearing members to make such information and documents available to the Commission upon request. These revisions are purely technical and are not meant to alter the requirements in any way.
[7] *See* 7 U.S.C. 6d(f).
[8] Regulation 40.5 requires the Commission to approve a new rule or rule amendment unless it is inconsistent with the CEA or the Commission's regulations promulgated thereunder. *See* 17 CFR 40.5.
[9] *See* 7 U.S.C. 6d(a).

Existing § 39.15(b)(2)(i) also specifies the information that a DCO must include in its rule submission to obtain Commission approval. The Commission has identified items of information currently required by the regulation that appear to be redundant or of limited use to the Commission given the Commission's pre-existing understanding of a DCO's risk management through its supervision of DCOs and other Commission regulations applicable to DCOs. This information is also available to the DCO's clearing members and the public through other means, such as the public information disclosures required under § 39.21. The Commission has also identified limited instances in which additional information would be helpful to the Commission in reviewing a DCO's commingling rule submission. Therefore, the Commission is proposing to further amend § 39.15(b)(2)(i) as described below.

First, the Commission proposes to amend existing paragraph (b)(2)(i)(B), which requires the DCO to provide an analysis of the risk characteristics of the products that would be eligible for commingling. The Commission proposes to specify that this analysis should discuss any risk characteristics of products to be commingled that are unusual in relation to the other products the DCO clears, and how the DCO plans to manage any identified risks. The purpose of this requirement is to allow the Commission and the public to understand any increased risk posed to customers by commingling products that otherwise would be held in separate accounts and to understand the DCO's ability to manage those risks. The Commission is proposing to use the term "unusual" because § 39.13(g)(2) already requires a DCO to have initial margin requirements that account for any unusual characteristics of, or risks associated with, particular products or portfolios.[10] However, the Commission requests comment on whether there are better ways to articulate this concept. For example, should the Commission specify that the

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[10] *See* Derivatives Clearing Organization General Provisions and Core Principles, 76 FR 69334, 69365, n.86 (Nov. 8, 2011), available at *https://www.federalregister.gov/documents/2011/11/08/2011-27536/derivatives-clearing-organization-general-provisions-and-core-principles*.

discussion should cover products that have margining, liquidity, default management, pricing, or other risk characteristics that differ from those currently cleared by the DCO?

The Commission proposes to remove existing paragraph (b)(2)(i)(C), which requires the DCO to identify whether any swaps to be commingled would be executed bilaterally and/or executed on a designated contract market and/or a swap execution facility. The Commission has not found this information to be relevant to its review of commingling rule submissions.

The Commission proposes to remove existing paragraph (b)(2)(i)(E), which requires the DCO to provide an analysis of the availability of reliable prices for each of the eligible products. The Commission believes this requirement is unnecessary as § 39.13(g)(5) separately requires that a DCO have for all of its products a reliable source of timely price data, as well as written procedures and sound valuation models for addressing circumstances where pricing data is not readily available or reliable.

The Commission proposes to amend paragraph (b)(2)(i)(F) (and renumber it as (b)(2)(iv)), which currently requires the DCO to describe the financial, operational, and managerial standards or requirements for clearing members that would be permitted to commingle eligible products. The Commission recognizes that this could be interpreted to require that the DCO describe all of the requirements applicable to clearing members that would be permitted to commingle eligible products, including those requirements that apply to the DCO's clearing members generally. The proposed amendment would require only that the DCO describe any additional requirements that would apply to clearing members permitted to commingle eligible products.

The Commission proposes to amend paragraph (b)(2)(i)(G) (and renumber it as (b)(2)(v)), which currently requires that a DCO discuss its systems and procedures used to oversee clearing members' risk management of commingled eligible products. The Commission recognizes that a DCO would not necessarily need to implement any

systems and procedures specifically for commingled eligible products. Accordingly, the proposed amendment clarifies that a DCO should describe any changes it will implement to oversee clearing members' risk management of commingled eligible products, but also provides that a DCO may instead provide an analysis of why existing risk management systems and procedures are adequate.

The Commission proposes to remove existing paragraph (b)(2)(i)(H), which requires the DCO to describe its financial resources, including the composition and availability of a guaranty fund with respect to the eligible products that would be commingled. This requirement is duplicative of § 39.21(c)(4), which requires a DCO to publicly disclose on its website the size and composition of its financial resources package available in the event of a clearing member default.

The Commission proposes to remove existing paragraph (b)(2)(i)(I), which requires the DCO to provide a description and analysis of the margin methodology that would be applied to the commingled eligible products, including any margin reduction applied to correlated positions, and any applicable margin rules with respect to both clearing members and customers. Regulation 39.21(c)(3) separately requires a DCO to publicly disclose information concerning its margin methodology on its website, so the requirement in paragraph (b)(2)(i)(I) typically yields information that is already available to the Commission and the public. In place of paragraph (b)(2)(i)(I), the Commission proposes to add new paragraph (b)(2)(vii), which would require the DCO to discuss the extent to which it anticipates allowing portfolio margining of commingled positions, including a description and analysis of any margin reduction to be applied to correlated positions and the language of any applicable clearing rules or procedures. The DCO also would be required to provide an express confirmation that any portfolio margining will be allowed only as permitted under § 39.13(g)(4), which allows portfolio margining of positions only if the price risks with respect to such positions are "significantly and

reliably correlated." The Commission is proposing to require this confirmation out of concern that Commission approval of the commingling of customer positions would be misinterpreted as approval of the portfolio margining of those positions as well, regardless of whether the requirements of § 39.13(g)(4) are met.

The Commission proposes to remove existing paragraph (b)(2)(i)(K), which requires the DCO to discuss the procedures it would follow if a clearing member defaulted, and the procedures that the clearing member would follow if a customer defaulted, with respect to any of the commingled eligible products. To the extent a DCO would follow its existing default procedures, this information is already available to the Commission and the public, because § 39.21(c)(6) requires a DCO to publicly disclose its default rules and procedures on its website. The Commission therefore proposes to amend existing paragraph (b)(2)(i)(J) (and renumber it as paragraph (b)(2)(vi)), which also concerns default management, to add a requirement that the DCO discuss any default management procedures that are unique to the products eligible for commingling. This change would appropriately focus the required discussion of the DCO's default management procedures on any changes necessitated by the commingling of eligible products.

The Commission proposes to remove existing paragraph (b)(2)(i)(L), which requires the DCO to describe its arrangements for obtaining daily position data with respect to eligible products in the account. Because the DCO would be proposing to commingle positions in products it clears, the DCO would necessarily have position data for the eligible products.

The Commission proposes to remove existing paragraph (b)(2)(iii), which provides that the Commission may request additional information from the DCO in support of the DCO's rule submission and may approve the rule submission in accordance with § 40.5. The Commission proposes to replace it with new paragraph

(b)(2)(viii), which would require submission of any other information necessary for the Commission to evaluate the rule submission's compliance with the CEA and the Commission's regulations, and provide that the Commission may request supplemental information to evaluate the DCO's submission. Proposed paragraph (b)(2)(viii), like existing paragraph (b)(2)(iii), would ensure that the Commission can consider all information relevant to the rule submission.[11] The paragraph also would clarify that the Commission can extend the review period in accordance with § 40.5(d) to request and obtain supplemental information.

Finally, the Commission proposes to add language to the introductory paragraph of § 39.15(b)(2) underscoring the standard of review for Commission approval of a commingling rule submission. While the current regulation already provides that relevant rules are submitted for approval pursuant to § 40.5, the Commission has observed instances in which submitting DCOs do not recognize that the requirements and standard of review contained in § 40.5 apply. To draw attention to the applicability of the requirements of § 40.5, including the standard of review contained therein, the Commission proposes amending § 39.15(b)(2) to explicitly reference them.

In evaluating commingling rule submissions, the Commission recognizes that it has access to supervisory information that may not be available to market participants and the public. The Commission requests comment as to whether there is additional information that would be helpful to market participants and the public in evaluating a DCO's commingling rule submission.

IV. Proposed Amendments to § 39.18

Regulation 39.18(g)(1) requires that a DCO promptly notify staff of the Division of Clearing and Risk (Division) of any hardware or software malfunction, security

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[11] Removing existing paragraph (b)(2)(iii) and replacing it with new paragraph (b)(2)(viii) would also delete redundant language incorporating § 40.5 as the applicable procedure for rule approval.

incident, or targeted threat that materially impairs, or creates a significant likelihood of material impairment of, automated system operation, reliability, security, or capacity.

The Commission is proposing to amend § 39.18(g)(1) to require that a DCO promptly notify the Division of any hardware or software malfunction or operator error that impairs, or creates a significant likelihood of impairment of, automated system operation, reliability, security, or capacity. The Commission is further proposing to adopt new § 39.18(g)(2) to require that a DCO promptly notify the Division of any security incident or threat that compromises or could compromise the confidentiality, availability, or integrity of any automated system or any information, services, or data, including, but not limited to, third-party information, services, or data, relied upon by the DCO in discharging its responsibilities (the text of existing § 39.18(g)(2) would be renumbered as § 39.18(g)(3), without any further revisions). In connection with the proposed amendments to § 39.18(g), the Commission is proposing to amend § 39.18(a) to define "hardware or software malfunction" and "automated system." These changes are discussed in detail below.

As noted above, § 39.18(g)(1) requires a DCO to promptly notify the Division of any "hardware or software malfunction," which the Commission proposes to define in § 39.18(a) as "any circumstance where an automated system or a manually initiated process fails to function as designed or intended, or the output of the software produces an inaccurate result." The Commission is proposing to amend § 39.18(g)(1) to also require a DCO to notify the Division when operator error impairs (or creates a significant likelihood of impairment of) the operation, reliability, security, or capacity of an automated system. Because operator error can cause the same or similar issues that can result from hardware or software malfunctions, the Commission believes that it is important for a DCO to notify the Division when operator error causes, or creates a significant likelihood of, impairment of the operation, reliability, security, or capacity of

the DCO's automated systems. Lastly, the Commission is proposing to define in §

39.18(a) the term "automated system" as computers, ancillary equipment, software,

firmware, and similar procedures, services (including support services), and related

resources that a DCO uses in its operations. The Commission also is proposing to delete

from § 39.18(g)(1), and not include in new § 39.18(g)(2), any reference to materiality.

Based on its experience with this regulation, the Commission believes that neither

hardware nor software malfunctions, nor security incidents or threats—particularly

cybersecurity incidents or threats—are readily categorized as material or non-material.

For example, a software malfunction that impairs (or creates a significant likelihood of

impairment of) the operation, reliability, security, or capacity of an automated system can

be material, even if the malfunction does not have any effect on the metrics or thresholds

often used to determine materiality, such as the number of trades affected by the

malfunction, the dollar value of those trades, or the length of a delay in processing and

clearing those trades. There have also been instances where the Division learned of a

malfunction, incident, or threat that had not been reported, even though Division staff

readily concluded, upon subsequently learning of the malfunction, incident, or threat, that

it was material and that the DCO should have notified the Division. In some cases, this is

because different materiality thresholds used by DCOs resulted in inconsistent reporting

across DCOs. The Commission believes that both DCOs and the Division will benefit

from having a clear, bright-line rule that requires DCOs to report each qualifying

hardware or software malfunction, or operator error, and security incident and threat, as

opposed to attempting to determine whether a particular malfunction, incident, or threat

qualifies as material.

In addition to proposing to modify § 39.18(g)(1) as described above, the

Commission also is proposing to delete the requirement that a DCO notify the Division of

any security incident or targeted threat that materially impairs, or creates a significant

likelihood of material impairment of, automated system operation, reliability, security, or capacity. In its place, the Commission is proposing, as new § 39.18(g)(2), a requirement that a DCO report any security incident or threat that compromises or could compromise the confidentiality, availability, or integrity of any automated system, or any information, services, or data, including, but not limited to, third-party information, services, or data, relied upon by the DCO in discharging its responsibilities. Requiring the reporting of any threat, not just "targeted" ones, is intended to ensure that the Division receives notice of the full spectrum of cyberattacks and cyberthreats. Additionally, proposed new § 39.18(g)(2) is intended to ensure that a DCO notifies the Division of security incidents or threats that could affect the information, services, or data, including, but not limited to, third-party information, services, or data, relied upon by the DCO in discharging its responsibilities, in addition to the existing requirement that a DCO provide notice of any security incident or threat that affects the automated system itself. To the extent that a DCO relies on another entity in connection with providing clearing services, whether via an inter-affiliate services agreement, an arms-length commercial relationship with a third-party vendor, or any other arrangement, then it is important that the DCO notify the Commission upon discovery of any security incidents or threats affecting the information, services, or data that the DCO relies upon from the other entity, just as if the incident or threat had occurred at the DCO. Lastly, proposed new § 39.18(g)(2) is intended to ensure that a DCO notifies the Division if its automated systems or the information, services, or data relied upon by the DCO are, or could be, compromised, as opposed to only receiving notice when those systems are, or could be, impaired.

V. Proposed Amendments to § 39.19(c)

Regulation 39.19, which was adopted in 2011[12] and revised in 2020,[13] imposes daily, periodic, and event-specific reporting requirements on DCOs. As discussed below, the Commission is proposing to amend the daily reporting requirements in § 39.19(c)(1) and the event-specific reporting requirements in § 39.19(c)(4).

A. Daily Reporting of Variation Margin and Cash Flows – § 39.19(c)(1)(i)(B) and (C)

Regulation 39.19(c)(1) requires a DCO to report to the Commission on a daily basis initial margin, variation margin, cash flow, and position information for each clearing member, by house origin and by each customer origin. The Commission recently amended § 39.19(c)(1) to require a DCO to also report this information by individual customer account.[14] In adopting this change, the Commission stated that the amendments to § 39.19(c)(1) were not intended to require DCOs to report any information that they do not currently have, or do not currently report, subject to any operational or technological limitations that have been discussed with Commission staff. The Commission further specified that the changes to § 39.19(c)(1) to require reporting of information "by each individual customer account" were meant to reflect the information that DCOs currently report, to varying degrees, acknowledging that customer-level information may not be available to all DCOs.[15]

The Commission now understands that, although DCOs possess customer-level information regarding initial margin and positions, many DCOs do not possess customer-level information regarding variation margin and cash flows. Also, certain DCOs do not currently have mechanisms in place to collect such information from their respective clearing members, nor do they expect that they could implement these mechanisms without imposing significant new reporting and/or account registration requirements on

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[12] *See* 76 FR at 69399.
[13] *See* 85 FR at 4817.
[14] *Id.* at 4817.
[15] *See id.* at 4818.

clearing members. Therefore, the Commission is proposing to amend § 39.19(c)(1)(i)(B) and (C) to remove the requirement that a DCO report daily variation margin and cash flows by individual customer account.[16]

The Commission requests comment on the proposal to amend § 39.19(c)(1)(i)(B) and (C) to remove the requirement that a DCO report daily variation margin and cash flows by individual customer account. The Commission also requests comment on whether there are products or market segments (*e.g.*, interest rate swaps) where it may be appropriate for the Commission to retain these requirements.

B. Codifying the Existing Reporting Fields for the Daily Reporting Requirements in New Appendix C to Part 39

The Commission is proposing to add a new appendix to part 39 of the Commission's regulations that would codify the existing reporting fields for the daily reporting requirements in § 39.19(c)(1). Until now, the instructions, reporting fields, and technical specifications for daily reporting have been contained in the Reporting Guidebook, which the Division provides to DCOs to facilitate reporting pursuant to § 39.19(c)(1).[17]

When § 39.19(c)(1) was first adopted in 2011, DCOs were required to report to the Commission on a daily basis initial margin, variation margin, cash flow, and position information for each clearing member, by house origin and by each customer origin.[18] To implement these requirements and provide more detailed instructions and technical specifications, the Division, after consulting with DCOs, developed and distributed the Reporting Guidebook. The Reporting Guidebook was designed to ensure that all DCOs

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[16] The Division issued a no-action letter addressing compliance with the amended requirements in § 39.19(c)(1). *See* CFTC Letter No. 21-01 (Dec. 31, 2020); *see also* CFTC Letter No. 21-31 (Dec. 22, 2021). The proposed amendments to § 39.19(c)(1)(i)(B) and (C) would eliminate the requirement for which additional time was provided in the staff letter.

[17] Commodity Futures Trading Commission Guidebook for Part 39 Daily Reports, Version 1.0.1, Dec. 10, 2021 (Reporting Guidebook).

[18] *See* 76 FR at 69399. The Commission amended § 39.19(c)(1) in 2020 to require a DCO to also report this information by individual customer account. *See* 85 FR at 4817.

were reporting a standard set of information in a uniform manner, and that the information was useful to the Commission in its surveillance and oversight of DCOs and the derivatives markets.

The Division updated and revised the Reporting Guidebook over the years, most recently in 2017 and again in 2021. Each time, it engaged extensively with DCOs in connection with the revisions. The engagement included discussions regarding whether DCOs possessed certain data, and the format in which DCOs would supply that data so that it would be useful by the Division. In addition to the discussions associated with revising the Reporting Guidebook, the Division and DCOs also regularly engaged cooperatively, on an as-needed basis to address any issues that arose regarding daily reporting.

The current version of the Reporting Guidebook reflects the cumulative development of the guidebook over the years, from 2012 through 2021. During that time, DCOs have continuously relied on the Reporting Guidebook to report to the Division the required information in accordance with § 39.19(c)(1). The Reporting Guidebook also has grown in length, comprehensiveness, detail, and complexity. It now consists of numerous separate reporting fields, including data fields that directly implement the reporting requirements of § 39.19(c)(1), as well as additional fields for reporting information on an optional basis that, although helpful to the Division in its oversight of DCOs and the derivatives markets, is not required under § 39.19(c)(1).

Given the evolution and expansion of the Reporting Guidebook over time, the Commission is proposing to add a new appendix C to part 39 that would set out the relevant contents of the Reporting Guidebook, specifically the reporting fields for which a DCO is required to provide data on a daily basis, as well as additional optional data that

DCOs may provide.[19] The Commission is not proposing to codify the non-substantive

technical and procedural aspects of the Reporting Guidebook that address the format and

manner in which DCOs provide this information.

C. Proposed Additional Reporting Fields for the Daily Reporting Requirements – § 39.19(c)(1)

The Commission is proposing to include in appendix C several new fields that do

not appear in the Reporting Guidebook but would further implement the existing daily

reporting requirements under § 39.19(c)(1). These new fields, applicable to interest rate

swaps only, include the delta ladder, gamma ladder, vega ladder, zero rate curves, and

yield curves that the DCO uses in connection with managing risks associated with

interest rate swaps positions. Some DCOs that clear interest rate swaps already provide

this information to the Commission on a voluntary basis. The Commission believes that

all DCOs that clear interest rate swaps have this information, and have the ability to

report it to the Commission, regardless of whether they currently do so. The Commission

needs this information to better ascertain and evaluate the risks associated with these

positions, including using this information to stress test these positions and to develop an

improved understanding of how market price changes would affect these positions. As

proposed, the reporting of this information would be required for interest rate swaps only,

due to the relatively broad range of risk exposures across a wide variety of tenors. By

way of comparison, contracts with optionality (*e.g.*, swaptions) are generally less cleared

than other asset classes; therefore, risk measures other than delta ladders would not, as of

now, be that significant and thus not particularly informative relative to the cost of

reporting. However, over time, swap contracts with explicit or implicit option

characteristics may become more common, potentially leading to greater benefits than

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[19] Appendix C specifies whether a field is mandatory, optional, or conditional. In this context, fields that are "conditional" would be reported by the DCO if it collects or calculates the particular data element and uses the data element in the normal course of its risk management and operations, or if the field is subject to any row-level validation rule described in the Reporting Guidebook.

costs for non-delta risk measures. Because of this, the Commission requests comment on the potential value of additional risk ladders. For delta ladders specifically, the broad spectrum of risk exposures in rates somewhat contrasts with other asset classes. Credit default swaps tend to be highly focused on the 5-year tenor; therefore, delta ladders would not provide much information beyond that of a single, aggregate delta value. The same is true for FX contracts, which tend to be concentrated in very short tenors. In contrast, large interest rate swap exposures are common for tenors spanning from a single week to 30 years. Therefore, the Commission seeks to obtain data on how this risk is allocated among certain tenor ranges.

Additionally, the Commission is proposing to require that a DCO include in its daily reports timing information about variation margin calls and payments. Specifically, the Commission is proposing that this information include the time and amount of each variation margin call to each clearing member, the time and amount that variation margin is received from each clearing member, and the time and amount that variation margin is paid to each clearing member. The Commission needs this information to improve its risk surveillance of DCOs. Information regarding the size and frequency of variation margin calls, and when those calls are paid, is directly relevant to DCO liquidity and how clearing member and customer risk is being managed, both of which are important to the Commission in evaluating risks at each DCO and across the derivatives markets. The Commission anticipates that receiving this information on a daily basis would support its ongoing surveillance and oversight of DCOs and the markets, including potentially identifying liquidity issues as they develop, especially to the extent that liquidity issues associated with one clearing member could affect multiple DCOs. The Commission also anticipates that this information would be useful for historical analysis to evaluate whether potential deficiencies exist regarding DCO liquidity as it relates to the collection and payment of variation margin, including examining whether and how particular

market circumstances contribute to liquidity issues, and what measures might be appropriate to address such deficiencies or issues.

Further, the Commission is proposing to require a DCO that clears interest rate swaps, forward rate agreements, or inflation index swaps to include in its daily reports the actual trade date for each position along with an event description. Although DCOs currently report the date that these products are cleared, DCOs are not required to report the trade date. The Commission seeks to improve its understanding of when and how positions in interest rate swaps, forward rate agreements, and inflation index swaps arose, because these products sometimes are not cleared on the trade date. Adding the trade date and event description to positions in these products would improve the Commission's understanding of the lifecycle of each position, which would result in a better understanding of the risks these positions present to the DCO and its clearing members.

Additionally, the Commission is proposing to require a DCO to include in its daily reports information that reflects that the daily report is complete.[20] The Commission is proposing to require that completeness information be submitted either as a manifest file that contains a list of files sent by the DCO, or by including the file number and count information embedded within each report, where each FIXML file would indicate its position in the sequence of files submitted that day, *i.e.*, file 1 of 10. To the extent that a DCO submits to the Commission multiple files in satisfaction of its daily reporting obligations, it can be difficult for Commission staff to determine whether a DCO has completed its reporting for the day, which in turn makes it difficult to validate the information received. Completeness information is necessary to determine whether

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[20] The Commission believes that the proposed requirement that each DCO include in its daily report information that reflects that the daily report is complete is a "format and manner" requirement under § 39.19(b)(1).

DCO daily reporting is complete, which would assist the Commission in its validation and timely use of the reported information.

Additional details regarding the proposed reporting fields discussed above are included in the proposed new appendix C to part 39. The goal is to ensure that appendix C includes every data field that is needed to adequately capture the new information that would be reported under the proposal.[21] Therefore, the Commission requests comment on each of the proposed new daily reporting fields in appendix C, and specifically, whether there are any additional fields that would be necessary or would make the reported data more meaningful. The Commission further requests comment on whether, to the extent that commenters have concerns regarding the proposed requirement that DCOs report timing information for variation margin calls and payments, DCOs should instead be required to report whether calls and payments were made during a broader timeframe, such as at the beginning, middle, or end of day, and how those timeframes should be defined. The Commission also requests comment on which of the two proposed approaches for reporting completeness information is preferable, or whether there are additional alternatives that may be superior.

Lastly, the Commission currently receives from DCOs daily position information that includes settlement prices for a range of contracts with open interest. The Commission is considering whether to also require that DCOs provide the current settlement prices and related information published by designated contract markets for futures and options contracts with no open interest in order to enhance the Commission's ability to perform futures and options risk surveillance by using complete settlement price data. The Commission would likely require the current settlement price, settlement

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[21] In practice, to the extent that a DCO later finds that there are additional data fields that would be necessary or appropriate to better capture the information that is being reported, the Commission is proposing to add, as new § 39.19(c)(1)(iii), the ability for a DCO to, after consultation with the Division, voluntarily submit any additional data fields it believes would be necessary or appropriate.

currency, and settlement date, to the extent that a DCO possesses this information. The

Commission requests comment on the costs to DCOs, if any, associated with providing

this information on a daily basis, and whether the fields listed are necessary or

appropriate to capture the information that would be reported.

D. Individual Customer Account Identification Requirements – § 39.19(c)(1)(i)(D)

Regulation 39.19(c)(1)(i)(D) requires the daily reporting of end-of-day positions

for each clearing member, by house origin and by each customer origin, and by each

individual customer account. The Commission recently amended this provision to

require, among other things, that a DCO identify each individual customer account using

both a legal entity identifier (LEI) and any internally-generated identifier, where

available, within each customer origin for each clearing member.[22] The Commission

intended that this requirement apply to all instances within § 39.19(c)(1) where a DCO is

required to report information at the individual customer account level. However, this

may not have been clear because paragraph (D) addresses only the reporting of end-of-

day positions.

The Commission wishes to clarify that the requirement that a DCO identify each

individual customer account by LEI and internally-generated identifier was not intended

to be limited to end-of-day position reporting under paragraph (D), but rather to apply to

all instances in § 39.19(c)(1) where a DCO is required to report information at the

individual customer account level. Under the proposal, § 39.19(c)(1)(i)(A) is the only

other paragraph within § 39.19(c)(1) that requires a DCO to report information at the

individual customer account level. The Commission therefore proposes to amend §

39.19(c)(1)(i)(A) to specify that when a DCO reports initial margin requirements and

initial margin on deposit by each individual customer account as required, the DCO also

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[22] 85 FR at 4817.

must identify each individual customer account by LEI and internally-generated identifier, where available.

The Commission further seeks to clarify that the requirement that a DCO identify each individual customer account using both an LEI and any internally-generated identifier, "where available," is intended to mean this information is required, in either case, only if the DCO has the information associated with an account. The Commission is therefore proposing a technical change to make this more clear.

E. Daily Reporting of Margin Model Back Testing – § 39.19(c)(1)(i)

The Commission is proposing to add to § 39.19(c)(1)(i) a requirement that a DCO include in its daily reports the results of the margin model back testing that a DCO is required to perform daily pursuant to § 39.13(g)(7)(i). Some DCOs currently provide back testing information to the Commission on a voluntary basis. Back testing is critical to evaluating the efficacy of DCO margin models, which are in turn a critical component of DCO risk management. Receiving back testing information from DCOs on a daily basis would enhance the Commission's supervision and oversight of DCOs and the derivatives markets by enabling the Commission to evaluate and monitor margin model performance on an ongoing basis, and also would provide the Commission with the information necessary to conduct its own analysis of margin model performance.

The Commission is also proposing to add to new appendix C to part 39 the data fields it believes would be relevant and necessary to capture the back testing results that, if adopted, would be reported under this provision. As previously stated, the Commission's goal is to ensure that appendix C includes every data field that is needed to adequately capture the new information that would be reported under the proposal. Therefore, the Commission requests comment on each of the proposed reporting fields in appendix C for back testing results, and specifically, whether there are any additional fields that would be necessary or would make the reported data more meaningful.

F. Fully Collateralized Positions – § 39.19(c)(1)(ii)

The Commission previously amended § 39.19(c)(1)(i) to provide that the daily reports required by that regulation are not required for fully collateralized positions.[23] The Commission did not amend § 39.19(c)(1)(ii), which provides that the daily reports required by § 39.19(c)(1)(i) are required for futures, options, swaps, and certain securities positions. Although § 39.19(c)(1)(ii) merely expands on § 39.19(c)(1)(i) and has no independent force or effect, the Commission is proposing to amend § 39.19(c)(1)(ii) to clarify that it does not apply to fully collateralized positions.

G. Reporting Change of Control of the DCO – § 39.19(c)(4)(ix)(A)(1)

Regulation 39.19(c)(4)(ix)(A)(1) requires a DCO to report to the Commission any anticipated change in the ownership or corporate or organizational structure of the DCO or its parent(s) that would result in at least a 10 percent change of ownership of the DCO. The Commission is proposing to amend this provision to require a DCO to report any change to the entity or person that holds a controlling interest, either directly or indirectly, in the DCO. Because the current rule is tied to changes in ownership of the DCO by percentage share of ownership, DCOs are not currently required to report all instances in which there is a change in control of the DCO. It is possible that a change in ownership of less than 10 percent could result in a change in control of the DCO. For example, if an entity increases its stake in the DCO from 45 percent ownership to 51 percent, it is possible that control of the DCO would change without any required reporting. In addition, in some instances, a DCO is owned by a parent company, and a change in ownership or control of the parent is not required to be reported under the current rule despite the fact that it could change corporate control of the DCO. The proposed changes to the rule would ensure that the Commission has accurate knowledge of the individuals or entities that control a DCO and its activities.

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[23] *See* 85 FR 4800, 4805.

H. Reporting Changes to Credit Facility Funding and Liquidity Funding Arrangements – § 39.19(c)(4)(xii) and (xiii)

Regulations 39.19(c)(4)(xii) and (xiii), respectively, require a DCO to report changes to credit facility funding arrangements and liquidity funding arrangements "it has in place." The Commission is proposing to amend these provisions to clarify that the reporting requirements include reporting new arrangements as well as changes to existing ones. Although DCOs and the Commission have interpreted these requirements to include reporting new arrangements, a literal interpretation of these provisions, with a focus on the phrase "it has in place," may potentially restrict the application of the reporting requirements only to changes in existing arrangements.

I. Reporting Issues with Credit Facility Funding Arrangements, Liquidity Funding Arrangements, and Custodian Banks – § 39.19(c)(4)(xv)

Regulation 39.19(c)(4)(xv) requires that a DCO report to the Commission within one business day after any material issues or concerns arise regarding the performance, stability, liquidity, or financial resources of any settlement bank used by the DCO or approved for use by the DCO's clearing members. The Commission is proposing to amend § 39.19(c)(4)(xv) to require that a DCO report to the Commission within one business day after it becomes aware of any material issues or concerns regarding the performance, stability, liquidity, or financial resources of any credit facility funding arrangement, liquidity funding arrangement, custodian bank, or settlement bank used by the DCO or approved for use by the DCO's clearing members.

As a part of the proposed amendments to § 39.19(c)(4)(xv), the Commission is proposing to change the threshold that triggers a DCO's reporting obligations. Specifically, the Commission is proposing to replace the current requirement that a DCO report to the Commission within one business day after any material issues or concerns arise, with the requirement that a DCO report to the Commission within one business day after it becomes aware of any material issues or concerns. Requiring a DCO to report

issues or concerns when it becomes aware of them accounts for the possibility that there may be a delay between the time that an issue arises and when the DCO becomes aware of it.

Furthermore, although they provide different services to DCOs and may be relied upon by DCOs in differing circumstances, credit facility funding arrangements, liquidity funding arrangements, and custodian banks are similar to settlement banks in that they perform functions that are critical to the clearing process. The Commission recognizes that if a DCO encounters an issue with a settlement bank, it could potentially delay the DCO's ability to access its funds, which could impact the DCO's ability to meet its obligations; the same could be true with respect to issues with a DCO's credit facility funding arrangements, liquidity funding arrangements, and custodian banks. Therefore, it is important that the Commission be informed when a DCO experiences or becomes aware of any issues.

J. Reporting of Updated Responses to the Disclosure Framework for Financial Market Infrastructures – § 39.19(c)(4)(xxv)

The Commission is proposing new § 39.19(c)(4)(xxv), which would set forth the requirement currently in § 39.37(b)(2) that, when a DCO updates its responses to the Disclosure Framework for Financial Market Infrastructures published by the Committee on Payment and Settlement Systems and the Board of the International Organization of Securities Commissions in accordance with § 39.37(b)(1), the DCO shall provide notice of those updates to the Commission. The proposal does not alter in any respect the substance of the reporting obligation currently specified in § 39.37(b)(2); it simply references this requirement in § 39.19 in furtherance of the goal of centralizing DCO reporting obligations in § 39.19.[24]

VI. Proposed Amendments to § 39.21(c)

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[24] *See id.* at 4819.

Regulation 39.21 requires a DCO to publish on its website a variety of

information designed to enable market participants to make informed decisions about

using the clearing services provided by the DCO. The Commission is proposing several

amendments to these requirements to better align a DCO's disclosure obligations with the

type of clearing services that the DCO provides.

A. Publication of Margin-Setting Methodology and Financial Resource Package Information – § 39.21(c)(3) and (4)

Regulation 39.21(c)(3) requires a DCO to publish on its website information

concerning its margin-setting methodology. Regulation 39.21(c)(4) requires a DCO to

publish on its website, and update as required, the size and composition of the financial

resource package available in the event of a clearing member default.

The Commission is proposing to amend §§ 39.21(c)(3) and (4) to provide that a

DCO that clears only fully collateralized positions should instead indicate on its website

that it clears such positions in satisfaction of these requirements. As the Commission has

previously recognized, fully collateralized positions are designed to have on deposit a

sufficient amount of funds, at all times, to cover the maximum potential loss that could be

incurred in connection with a position.[25] Therefore, the need to collect margin and

maintain a financial resource package to be used in the event of a clearing member

default is eliminated by requiring full collateralization. The Commission has therefore

provided certain carveouts for DCOs that clear fully collateralized positions in its part 39

regulations.[26] This proposed change would be consistent with such carveouts.

B. Publication of List of Clearing Members – § 39.21(c)(7)

Regulation 39.21(c)(7) requires a DCO to publish on its website a current list of

its clearing members. At a typical DCO, the risk of loss from the default of a clearing

member is mutualized among the clearing members, making it useful for each existing or

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[25] *See id.* at 4804.
[26] *Id.*

prospective clearing member to know who the others are. Publishing a list of clearing members is less useful where the DCO clears only fully collateralized positions and its clearing members generally do not pose any risk to each other. However, existing or potential customers of a futures commission merchant (FCM) may find it useful to be able to verify whether that FCM is a clearing member at any DCO, including DCOs that clear only fully collateralized positions. For these reasons, the Commission is proposing to amend § 39.21(c)(7) to provide that a DCO may omit any clearing member that clears only fully collateralized positions and is not an FCM clearing member from the list of clearing members that the DCO must publish on its website.[27]

VII. Proposed Amendments to § 39.37(c) and (d)

Regulation 39.37 requires each systemically important DCO (SIDCO) and each DCO that elects to comply with subpart C of part 39 of the Commission's regulations (subpart C DCO) to disclose certain information to the public and to the Commission. Regulations 39.37(c) and (d) require, respectively, a SIDCO or subpart C DCO to "disclose, publicly, and to the Commission" transaction data, and information regarding the segregation and portability of customers' positions and funds. The Commission is proposing to amend these provisions to clarify that public disclosure of the information is sufficient and a separate report directly to the Commission is not required. To that end, the Commission is proposing to replace the phrase "disclose, publicly, and to the Commission" with the phrase "publicly disclose" in § 39.37(c) and (d).

VIII. Proposed Amendments to § 140.94(c)(10)

Regulation 140.94(c) is a delegation of authority from the Commission to the Director of the Division of Clearing and Risk to perform certain specific functions. The

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[27] The proposed amendment to § 39.21(c)(7) is consistent with the position previously taken by the Division. *See, e.g.,* CFTC Letter No. 19-15 (July 1, 2019) (no-action letter to Eris Clearing, LLC, regarding several Commission regulations, including § 39.21(c)(7), due to Eris Clearing, LLC's fully collateralized clearing model). To the extent that a DCO received a no-action letter from the Division regarding compliance with § 39.21(c)(7), the change in the requirement, if adopted, would supersede those letters.

Commission is proposing to amend § 140.94(c)(10) to delegate to the Director the authority in existing § 39.19(a) to require a DCO to provide to the Commission the information specified in § 39.19 and any other information that the Commission determines to be necessary to conduct oversight of the DCO, and in existing § 39.19(b)(1) to specify the format and manner in which the information required by § 39.19 must be submitted to the Commission.

IX. Related Matters

A. Regulatory Flexibility Act

The Regulatory Flexibility Act (RFA) requires that agencies consider whether the regulations they propose will have a significant economic impact on a substantial number of small entities and, if so, provide a regulatory flexibility analysis on the impact.[28] The amendments proposed by the Commission will affect only DCOs. The Commission has previously established certain definitions of "small entities" to be used by the Commission in evaluating the impact of its regulations on small entities in accordance with the RFA.[29] The Commission has previously determined that DCOs are not small entities for the purpose of the RFA.[30] Accordingly, the Chairman, on behalf of the Commission, hereby certifies pursuant to 5 U.S.C. 605(b) that the proposed regulations will not have a significant economic impact on a substantial number of small entities.

B. Paperwork Reduction Act

The Paperwork Reduction Act (PRA)[31] provides that Federal agencies, including the Commission, may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid control number from the Office of Management and Budget (OMB). This proposed rulemaking contains reporting and

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[28] 5 U.S.C. 601 *et seq*.
[29] 47 FR 18618 (Apr. 30, 1982).
[30] *See* 66 FR 45604, 45609 (Aug. 29, 2001).
[31] 44 U.S.C. 3501 *et seq*.

recordkeeping requirements that are collections of information within the meaning of the PRA. If adopted, responses to the collections of information would be required to obtain a benefit. This section addresses the impact that the proposal will have on the existing information collection associated with part 39, "Requirements for Derivatives Clearing Organizations, OMB control number 3038-0076."

1. Subpart B – Requirements for Compliance with Core Principles

a. Risk Management

The Commission is proposing new § 39.13(h)(5)(iii) to provide that a DCO that clears fully collateralized positions may exclude from the requirements of paragraphs (h)(5)(i) and (ii) those clearing members that clear only fully collateralized positions. These requirements would still apply in the case of clearing members that clear fully collateralized positions but also margined products. This change will reduce the burden for DCOs that clear fully collateralized products, but does not affect the burden for the majority of DCOs that are subject to daily reporting requirements, as only four of the fifteen DCOs clear fully collateralized positions. As a result, the Commission believes that this reduction would have a negligible impact on the overall reporting burden for DCOs, and therefore, the Commission is leaving the reporting burden for these reporting requirements unchanged.

b. Treatment of Funds

The Commission is proposing to amend § 39.15(b)(2), which only applies when a DCO and its clearing members seek to commingle customer positions in futures, options, foreign futures, foreign options, and swaps, or any combination thereof, and any money, securities, or property received to margin, guarantee or secure such positions, in an account subject to the requirements of Sections 4d(a) or 4d(f) of the CEA. The Commission proposes to consolidate paragraphs (b)(2)(i) and (b)(2)(ii) and renumber paragraphs accordingly. These changes pertain only to the structure and organization of

the regulation and therefore do not impact the reporting requirement. The Commission is further proposing to amend § 39.15(b)(2) to clarify that the requirement in paragraph (b)(2)(i)(G) that a DCO discuss the systems or procedures that the DCO has implemented to oversee its clearing members' risk management of eligible products may be addressed by describing why existing risk management systems and procedures are adequate, and to add language clarifying that the requirements and standard of review of § 40.5 apply to commingling rule submissions. Because these proposals are mere clarifications of existing requirements, they also have no impact on the reporting burden.

Similarly, the Commission is further proposing to remove existing paragraph (b)(2)(iii), which provides that the Commission may request additional information in support of a rule submission filed under existing paragraph (b)(2)(i) or (ii), and add new paragraph (b)(2)(viii), which provides that the Commission may request supplemental information to evaluate the DCO's submission and requires a DCO to submit any other information necessary for the Commission to evaluate the DCO's rule's compliance with the CEA and the Commission's regulations. This does not impact the reporting burden because proposed paragraph (b)(2)(viii), like existing paragraph (b)(2)(iii), would ensure that the Commission can consider all information relevant to the rule submission. Although existing paragraph (b)(2)(iii) does not contain explicit language similar to new paragraph (b)(2)(viii)'s requirement that the DCO submit any other information necessary for the Commission to evaluate the rule's compliance with the CEA and the Commission's regulations, the fact that existing paragraph (b)(2)(iii) permits the Commission to request such information implies a DCO's obligation to supply it. Simply making this implication explicit does not impact the reporting burden.

The Commission is proposing to delete paragraphs (b)(2)(i)(C), (E), (H), and (L) because they require a DCO to submit information the Commission can already access or has not needed in its review of commingling rule submissions. This proposed change

would decrease the reporting burden. In addition, the Commission is proposing to remove existing paragraph (b)(2)(i)(I), which requires the DCO to provide information related to its margin methodology, while adding related paragraph (b)(2)(vii), which would require that a DCO discuss whether it anticipates allowing portfolio margining of commingled positions, describe and analyze any margin reductions it would apply to correlated positions, and make an express confirmation that any portfolio margining will be allowed only as permitted under § 39.13(g)(4). These changes would collectively decrease the reporting burden because the requirements proposed to be removed through the deletion of paragraph (b)(2)(i)(I) are, as a whole, more burdensome than the requirements proposed to be added in paragraph (b)(2)(vii). Similarly, the Commission is proposing to remove the requirement in existing paragraph (b)(2)(i)(K) to discuss a DCO's default management procedures generally and maintain only the requirement to address default management procedures unique to the products eligible for commingling and to move that requirement to paragraph (b)(2)(vi). This narrowing of the scope of the requirement reduces the reporting burden on the relevant DCOs.

The Commission is proposing to amend paragraph (b)(2)(i)(B), which requires the DCO to provide an analysis of the risk characteristics of the products that would be eligible for commingling, to specify that the DCO should discuss any risk characteristics of products to be commingled that are unusual in relation to the other products the DCO clears and how the DCO plans to manage any risks identified. Because such disclosure was not previously explicitly required, and because DCOs that would not otherwise have addressed such issues in their analysis of the risk characteristics of the eligible products would now be required to do so, this would increase the reporting burden.

The Commission proposes to amend paragraph (b)(2)(i)(F) (and renumber it as (b)(2)(iv)), which currently requires the DCO to describe the financial, operational, and managerial standards or requirements for clearing members that would be permitted to

commingle eligible products, to require only that the DCO describe any additional requirements that would apply to clearing members permitted to commingle eligible products. The Commission believes that the proposed amendment would have no impact on the reporting burden. Although the proposed requirement that the DCO describe any additional requirements is broader than the current requirement to describe financial, operational, and managerial standards or requirements, the existing paragraph requires the DCO to report even if no additional requirements would apply. The proposal only requires reporting when additional requirements are, in fact, applicable.

The Commission believes that the reductions in the reporting burden resulting from the proposed deletion of paragraphs (b)(2)(i)(C), (E), (H), and (L) and the narrowing of the reporting burden resulting from the proposed deletions of paragraphs (b)(2)(i)(I) and (K) (even after giving effect to the addition of new paragraphs (b)(2)(vi) and (vii)) are at least as great as the increase in the reporting burden resulting from the proposed amendments to paragraph (b)(2)(i)(B). Because the Commission lacks the data to fully quantify each of these changes, it is conservatively estimating that these changes collectively do not materially impact the reporting burden. The Commission is of the view that to the extent that the cross-margining program would be submitted as part of a new rule or rule amendment filing pursuant to § 40.5, the proposed changes are already covered by OMB control number 3038-0093 and there is no change in the burden estimates.

c. Daily Reporting

The Commission is proposing to amend § 39.19(c)(1)(i)(A) to clarify that the existing requirement to identify individual customer accounts by LEI and internally-generated identifier was intended to apply to all instances in § 39.19(c)(1) where reporting is required at the individual customer account level, and not only to end-of-day positions. The Commission therefore proposes to amend § 39.19(c)(1)(i)(A) to specify

that when a DCO reports initial margin requirements and initial margin on deposit by each individual customer account as required, the DCO also must identify each individual customer account by LEI and internally-generated identifier, where available. The proposed clarification would not affect the burden on DCOs because DCOs already provide this information and the impact of this amendment is negligible on the existing burden.

The Commission also is proposing to amend § 39.19(c)(1)(i)(B) and (C), which require a DCO to report daily variation margin and cash flow information by house origin and separately by customer origin and by each individual customer account, to remove the requirement that a DCO report daily variation margin and cash flows by individual customer account. This proposed change is anticipated to result in a negligible decrease from the current burden of 0.5 hours per report.[32]

The Commission is also proposing to add to part 39 an appendix that would codify the existing reporting fields for the daily reporting requirements in § 39.19(c)(1). The codification of existing reporting fields in new appendix C would not change the reporting burden.[33]

The Commission also is proposing to add new fields within proposed appendix C that would further implement the existing daily reporting requirements under § 39.19(c)(1). Specifically, the Commission is proposing to require that a DCO include in its daily reports, with regard to interest rate swaps only, the delta ladder, gamma ladder, vega ladder, zero rate curves, and yield curves that the DCO uses in connection with managing risks associated with interest rate swaps positions. The Commission also is

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[32] DCOs currently are not reporting variation margin and cash flow information by each individual customer account because the Division issued a no-action letter addressing compliance with the amended requirements in § 39.19(c)(1). *See* CFTC Letter No. 21-01 (Dec. 31, 2020); *see also* CFTC Letter No. 21-31 (Dec. 22, 2021). As noted, the proposed amendments to § 39.19(c)(1)(i)(B) and (C) would eliminate the requirement for which additional time was provided in the staff letter.

[33] The current burden estimates for complying with the daily reporting requirements in § 39.19(c)(1) included in OMB Control No. 3038-0076 take into account the burden associated with reporting in accordance with the Reporting Guidebook.

proposing to require a DCO that clears interest rate swaps, forward rate agreements, or inflation index swaps to include in its daily reports the actual trade date for each position, along with an event description. The Commission is further proposing to require that each DCO include in its daily reports timing information about variation margin calls and payments, and also to include in its daily reports information that reflects that the daily report is complete. Lastly, in connection with the proposal to add to § 39.19(c)(1)(i) a requirement that a DCO include in its daily reports the results of its required daily margin model back testing, the Commission is proposing to add to proposed appendix C the additional data fields necessary to implement this requirement.

    With respect to the proposal to add new fields to proposed appendix C, and the proposal to add to § 39.19(c)(1)(i) a requirement that a DCO include in its daily reports the results of its required margin model back testing, the Commission believes the incremental capital investment costs associated with implementing these proposed requirements would be negligible. In many cases, the proposed fields are data that are already being used for DCO risk management and operations, and in some cases are already being reported to the Commission on a voluntary basis. Further, the Commission believes that any capital investment implementation for the reporting of these proposed fields would leverage the DCO's existing server architecture that could be scaled up to meet the proposed requirements with negligible costs. The estimated start-up costs,

including programming or coding, as well as testing, quality assurance, and compliance review costs, are estimated[34] to be approximately $109,574.43 per DCO.[35]

Lastly, because the Commission understands that the preparation and submission of the daily reports required under § 39.19(c)(1)(i) is largely automated, the Commission estimates that the proposal to add new fields to proposed appendix C, and the proposal to add to § 39.19(c)(1)(i) a requirement that a DCO include in its daily reports the results of the margin model back testing, will result in a negligible increase from the current estimate of 0.5 burden hours per report.

The aggregate burden estimate for daily reporting remains as follows:

Estimated number of respondents: 13.

Estimated number of reports per respondent: 250.

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[34] To estimate the start-up costs, the Commission relied upon internal subject matter experts in its Divisions of Data and Clearing and Risk to estimate the amount of time and type of DCO personnel necessary to complete the coding, testing, quality assurance, and compliance review. The Commission then used data from the Department of Labor's Bureau of Labor Statistics from May 2021 to estimate the total costs of this work. According to the May 2021 National Occupational Employment and Wage Estimates Report produced by the U.S. Bureau of Labor Statistics, available at *https://www.bls.gov/oes/current/oes_nat.htm*, the mean salary for a computer systems analyst in management companies and enterprises is $103,860. This number is divided by 1800 work hours in a year to account for sick leave and vacations and multiplied by 2.5 to account for retirement, health, and other benefits, as well as for office space, computer equipment support, and human resources support, all of which yields an hourly rate of $144.25. Similarly, a computer programmer has a mean annual salary of $102,430, yielding an hourly rate of $142.26; a software quality assurance analyst and tester has a mean annual salary of $99,460, yielding an hourly rate of $138.14; and a compliance attorney has a mean annual salary of $198,900, yielding an hourly rate of $276.25.

[35] The estimate of total start-up costs consists of the following: $14,101.10 for the delta ladder, gamma ladder, vega ladder, and the zero rate curves, based on 20 hours of systems analyst time, 40 hours of programmer time, and 40 hours of tester time; $7,248.61 for adding interest rate, forward rates, and end of day position fields, based on 8 hours of systems analyst time, 4 hours of programmer time, and 40 hours of tester time; $39,907.22 for the payment file, based on 120 hours of systems analyst time, 120 hours of programmer time, and 40 hours of tester time; $14,140.83 for the manifest file, based on 40 hours of systems analyst time, 40 hours of programmer time, and 20 hours of tester time; and $22,676.67 for adding the back testing fields, based on 40 hours of systems analyst time, 80 hours of programmer time, and 40 hours of tester time. The estimate of total start-up costs also includes $11,500.00 for compliance attorney review. A DCO may choose to employ a manifest file or alternatively a file count to the account and end of day position files. If a DCO elects the latter, the estimate of total start-up costs is reduced to $106,120.38, because while adding a manifest file is estimated to cost $14,140.83, adding file count information is estimated to cost $10,686.78 (based on 20 hours of systems analyst time, 16 hours of programmer time, and 40 hours of tester time). Additionally, the Commission estimates that requiring DCOs to report pricing information for contracts without open interest, which the Commission is considering, would impose non-capital start-up costs of $34,137.22 on each DCO, based on 80 hours of systems analyst time, 120 hours of programmer time, and 40 hours of tester time. The $34,137.22 estimate is not included in the estimated total start-up costs of $109,574.43 per DCO because, although the Commission is considering this requirement and is requesting comment, it has not otherwise proposed this requirement.

Average number of hours per report: 0.5.

Estimated gross annual reporting burden: 1625.

d. Event-specific Reporting

Regulation 39.19(c)(4) requires a DCO to notify the Commission of the occurrence of certain events; § 39.19(c)(4)(ix)(A)(1) requires a DCO to report any change in the ownership or corporate or organizational structure of the DCO or its parent(s) that would result in at least a 10 percent change of ownership of the DCO. The Commission is proposing to amend § 39.19(c)(4)(ix)(A)(1) to require the reporting of any change in the ownership or corporate or organizational structure of the DCO or its parent(s) that would result in a change to the entity or person holding a controlling interest in the DCO, whether through an increase in direct ownership or voting interest in the DCO or in a direct or indirect corporate parent entity of the DCO. This increases the reporting requirement. However, the changes of control contemplated by the proposed amendment occur infrequently. In addition, DCOs have typically notified the Commission of such changes of control even if not technically required by the current regulations. Finally, although changes of control usually require the preparation of documents such as a purchase agreement and the amendment of corporate governance documents and organizational charts, those burdens are a result of the change in control itself and not of the reporting requirement. The administrative burden of notifying the Commission—preparing a notification, attaching relevant but pre-existing supporting documents such as the revised organizational chart, and submitting to the Commission— is negligible. Therefore, the increase in the reporting requirement resulting from this proposed amendment is negligible.

Regulation 39.19(c)(4)(xii) and (xiii) require notification of changes in a liquidity funding arrangement or settlement bank arrangement. The Commission is proposing to amend these regulations to clarify that the reporting requirements include reporting new

arrangements as well as changes to existing ones. The proposed clarification would not affect the burden on DCOs because such reporting is already implied in the regulation.

Separately, the Commission is proposing to amend § 39.19(c)(4)(xv) to add credit facility funding arrangements, liquidity funding arrangements, and custodian banks to the list of arrangements or banks for which the DCO must report to the Commission any issues or concerns of which the DCO becomes aware. Although this increases the number of entities or arrangements for which reporting may be required, given that a DCO is only required to report these issues when it becomes aware of them, and given that these events are not very common, any increase should be negligible.

The Commission is proposing to revise § 39.18(g) to delete the materiality threshold. Proposed changes would also require notification of each security incident or threat that compromises or could compromise the confidentiality, availability, or integrity of any automated system, or any information, services, or data, including, but not limited to, third-party information, services, or data, relied upon by the DCO in discharging its responsibilities; as well as operator errors that may impair the operation, reliability, security, or capacity of an automated system. The various proposals are intended, in part, to ensure that the Division receives notice of the full spectrum of cyberattacks and cyberthreats that a DCO experiences, including partial breaches, near misses, and cyberattacks and cyberthreats affecting third-party systems that a DCO relies upon, and that the Division receives notice when a DCO's systems or information, or external systems or information that a DCO relies upon, are, or may be, compromised by a security incident or threat, irrespective of whether the incident or threat causes, or could cause, actual impairment to the affected systems. Due to the proposed changes to § 39.18(g), the Commission anticipates some increase in the reporting burden on DCOs. Based on recent levels of reporting, the Commission estimates that these changes will require DCOs to file an additional 4 reports per year, on average. The reporting burden

of § 39.18(g) is covered by § 39.19(c)(4)(xxii), and therefore is included in the burden

estimate for § 39.19(c)(4).

Finally, the Commission is proposing to add § 39.19(c)(4)(xxv) to centralize an

existing reporting obligation under § 39.37(b)(2) in § 39.19. This does not create a new

reporting obligation. The Commission is also proposing to revise §§ 39.37(c) and (d) to

remove the requirement to make certain disclosures to the Commission while retaining a

requirement to make such disclosures publicly. This would cause a negligible decrease in

costs that would not affect the reporting burden. The reporting burden under existing §

39.37 is covered in the PRA estimate for that regulation.

The aggregate burden estimate of § 39.19(c)(4) adjusted for the changes described

above is as follows:

Estimated number of respondents: 13.

Estimated number of reports per respondent: 18

Average number of hours per report: 0.5.

Estimated gross annual reporting burden: 117.

e. Public Information

The Commission is proposing to revise § 39.21(c)(3) and (4) to exclude DCOs

that clear only fully collateralized positions from the specific disclosure requirements of

these paragraphs. Similarly, the Commission is proposing to amend § 39.21(c)(7), which

requires a DCO to publish on its website a current list of its clearing members, to provide

that a DCO may omit any clearing member that clears only fully collateralized positions

and is not an FCM from the list of clearing members that it must publish on its website.

Because such DCOs are still required to report per other parts of § 39.21, such as to

disclose the terms and conditions of each contract cleared, the fees it charges its

members, and daily settlement prices, volumes, and open interest for each contract, the

number of respondents would remain unchanged. The proposed changes do not affect the

burden for the majority of DCOs that are subject to the public disclosure requirements. For fully collateralized DCOs, the proposed changes would result in a negligible decrease in the amount of time required per report. The aggregate estimated burden for § 39.21 remains as follows:

Estimated number of respondents: 13.

Estimated number of reports per respondent: 4.

Average number of hours per report: 2.

Estimated gross annual reporting burden: 104.

Request for Comment. The Commission invites the public and other Federal agencies to comment on any aspect of the proposed information collection requirements discussed above. The Commission will consider public comments on this proposed collection of information in:

(1) Evaluating whether the proposed collection of information is necessary for the proper performance of the functions of the Commission, including whether the information will have a practical use;

(2) Evaluating the accuracy of the estimated burden of the proposed collection of information, including the degree to which the methodology and the assumptions that the Commission employed were valid;

(3) Enhancing the quality, utility, and clarity of the information proposed to be collected; and

(4) Minimizing the burden of the proposed information collection requirements on registered entities, including through the use of appropriate automated, electronic, mechanical, or other technological information collection techniques, *e.g.*, permitting electronic submission of responses.

Copies of the submission from the Commission to OMB are available from the CFTC Clearance Officer, 1155 21st Street, NW, Washington, DC 20581, (202) 418–5160

or from *http://RegInfo.gov*. Organizations and individuals desiring to submit comments on the proposed information collection requirements should send those comments to:

- The Office of Information and Regulatory Affairs, Office of Management and Budget, Room 10235, New Executive Office Building, Washington, DC 20503, Attn: Desk Officer of the Commodity Futures Trading Commission;

- (202) 395–6566 (fax); or

- *OIRAsubmissions@omb.eop.gov* (email).

Please provide the Commission with a copy of submitted comments so that comments can be summarized and addressed in the final rulemaking, and please refer to the **ADDRESSES** section of this rulemaking for instructions on submitting comments to the Commission. OMB is required to make a decision concerning the proposed information collection requirements between 30 and 60 days after publication of this release in the *Federal Register*. Therefore, a comment to OMB is best assured of receiving full consideration if OMB receives it within 30 calendar days of publication of this release. Nothing in the foregoing affects the deadline enumerated above for public comment to the Commission on the proposed rules.

C. Cost-Benefit Considerations

1.   Introduction

Section 15(a) of the CEA requires the Commission to consider the costs and benefits of its actions before promulgating a regulation under the CEA or issuing certain orders.[36] Section 15(a) further specifies that the costs and benefits shall be evaluated in light of the following five broad areas of market and public concern: (1) protection of market participants and the public; (2) efficiency, competitiveness, and financial integrity of futures markets; (3) price discovery; (4) sound risk management practices; and (5) other public interest considerations. The Commission considers the costs and benefits

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[36] 7 U.S.C. 19(a).

resulting from its discretionary determinations with respect to the Section 15(a) factors (collectively referred to herein as Section 15(a) factors).

The Commission recognizes that the proposed amendments impose costs. The Commission has endeavored to assess the anticipated costs and benefits of the proposed amendments in quantitative terms, including PRA-related costs, where feasible. In situations where the Commission is unable to quantify the costs and benefits, the Commission identifies and considers the costs and benefits of the applicable proposed amendments in qualitative terms. The lack of data and information to estimate those costs is attributable in part to the nature of the proposed amendments. Additionally, any initial and recurring compliance costs for any particular DCO will depend on the size, existing infrastructure, level of clearing activity, practices, and cost structure of the DCO.

The Commission generally requests comment on all aspects of its cost-benefit considerations, including the identification and assessment of any costs and benefits not discussed herein; data and any other information to assist or otherwise inform the Commission's ability to quantify or qualitatively describe the costs and benefits of the proposed amendments; and substantiating data, statistics, and any other information to support positions posited by commenters with respect to the Commission's discussion. The Commission welcomes comment on such costs, particularly from existing DCOs that can provide quantitative cost data based on their respective experiences. Commenters may also suggest other alternatives to the proposed approach.

2.   Baseline

The baseline for the Commission's consideration of the costs and benefits of this proposed rulemaking is the existing statutory and regulatory framework applicable to DCOs, including: (1) the DCO core principles set forth in Section 5b(c)(2) of the CEA; (2) the information requirements associated with commingling customer funds and positions in futures and swaps in the same account under § 39.15(b)(2); (3) the reporting

obligations under § 39.18(g) related to a DCO's system safeguards; (4) daily reporting requirements under § 39.19(c)(1); (5) event-specific reporting requirements under § 39.19(c)(4); (6) public information requirements under § 39.21(c); (7) disclosure obligations for SIDCOs and subpart C DCOs under § 39.37; and (8) delegation of authority provisions under § 140.94.

The Commission notes that this consideration is based on its understanding that the futures and swaps market functions internationally with: (1) transactions that involve U.S. entities occurring across different international jurisdictions; (2) some entities organized outside of the United States that are prospective Commission registrants; and (3) some entities that typically operate both within and outside the United States and that follow substantially similar business practices wherever located. Where the Commission does not specifically refer to matters of location, the discussion of costs and benefits below refers to the effects of the proposed regulations on all relevant futures and swaps activity, whether based on their actual occurrence in the United States or on their connection with, or effect on U.S. commerce pursuant to, Section 2(i) of the CEA.[37]

  3.   Proposed Amendments to § 39.13(h)(5)

  a.   *Benefits*

The Commission is proposing new § 39.13(h)(5)(iii), which would provide that a DCO that clears fully collateralized positions may exclude from the requirements of paragraphs (h)(5)(i) and (ii) those clearing members that clear only fully collateralized positions. These requirements would still apply in the case of clearing members that clear fully collateralized positions but also margined products.

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[37] Pursuant to Section 2(i) of the CEA, activities outside of the United States are not subject to the swap provisions of the CEA, including any rules prescribed or regulations promulgated thereunder, unless those activities either have a direct and significant connection with activities in, or effect on, commerce of the United States; or contravene any rule or regulation established to prevent evasion of a CEA provision enacted under the Dodd-Frank Wall Street Reform and Consumer Protection Act, Public Law 111-203, 124 Stat. 1376. 7 U.S.C. 2(i).

Fully collateralized positions do not expose DCOs to many of the risks that traditionally margined products do. Full collateralization prevents a DCO from being exposed to credit or default risk stemming from the inability of a clearing member or customer of a clearing member to meet a margin call or a call for additional capital. This limited exposure and full collateralization of that exposure renders certain provisions of part 39 inapplicable or unnecessary, including § 39.13(h)(5). The Commission is proposing to amend this provision in order to provide greater clarity to DCOs and future applicants for DCO registration regarding how § 39.13(h)(5) applies to DCOs that clear fully collateralized positions.

b. Costs

The Commission does not anticipate any costs associated with this change, as it would codify the removal of requirements that need not apply to fully collateralized positions.

c. Section 15(a) Factors

In addition to the discussion above, the Commission has evaluated the costs and benefits in light of the specific considerations identified in Section 15(a) of the CEA. In consideration of Section 15(a)(2)(B) of the CEA, the Commission believes that the proposal may increase operational efficiency for DCOs that clear fully collateralized positions. The proposed amendments should not impact the protection of market participants and the public, the financial integrity of markets, or sound risk management practices, as the requirements that the Commission is proposing to exclude for fully collateralized positions do not further these factors when applied to such positions. The Commission has considered the other Section 15(a) factors and believes that they are not implicated by the proposed amendments.

4. Proposed Amendments to § 39.15(b)(2)

a. Benefits

The Commission is proposing to amend § 39.15(b)(2) to clarify its requirements and revise the information a DCO must provide to the Commission when it seeks to commingle customer positions and associated funds from different account classes. The Commission anticipates the proposed amendments will help applicants, the Commission, and the public to focus on those issues that are most important in considering the submission, and will generally reduce compliance burdens on DCOs.

Based on its experience in reviewing commingling rule submissions, the Commission believes the proposed changes to the information requirements would improve the quality of future submissions and enhance protection of market participants. The existing requirements often result in rule submissions that provide information the Commission already has and lack sufficient focus on the commingling itself, making it difficult for both the Commission and the public to properly assess the risks that commingling of customer funds may pose. The amendments would improve the quality of the submissions by providing the information needed to evaluate the risks posed to customers by commingling products that otherwise would be held in separate accounts.

The proposed amendments would reduce compliance burdens for DCOs by removing existing paragraphs (b)(2)(i)(C), (E), (H), and (L), provisions that call for submission of information the Commission can otherwise access or has not needed in its review of commingling rule submissions. Replacing existing paragraph (b)(2)(i)(I) and adding the related proposed § 39.15(b)(2)(vii) would focus DCO efforts on providing the most useful information on the topic of margin methodology, and eliminates a requirement to provide margin methodology information with which the Commission is already familiar. Similarly, by maintaining only that part of paragraph (b)(2)(i)(K) concerning default management procedures unique to the products eligible for commingling, the proposed regulation would focus the discussion of the DCO's default management procedures on changes necessitated by the commingling of eligible products

rather than general information on default management procedures already available to the Commission.

        b.   *Costs*

As discussed above, the Commission expects that the proposed amendments to § 39.15(b)(2) will decrease DCOs' costs associated with seeking commingling approval. The Commission's proposal most meaningfully reduces costs by no longer requiring a DCO to produce certain information it was previously required to provide to the Commission. This is partly offset by the addition of new information requirements. Proposed paragraph (b)(2)(vii) would require information concerning portfolio margining that is largely a subset of the margin methodology information required by existing paragraph (b)(2)(i)(I). The new requirement in this paragraph amounts to a one sentence confirmation of compliance with § 39.13(g)(4). Proposed paragraph (b)(2)(viii), intended to ensure a DCO provides all information the Commission needs to evaluate a commingling rule submission, incorporates the requirements of existing paragraph (b)(2)(iii). Further, the amendment to existing paragraph (b)(2)(i)(B) on risk characteristics, in addition to focusing the discussion on unusual characteristics, extends the analysis to include a discussion of the DCO's management of identified risk characteristics, which is information that should likely be readily available to DCOs. Likewise, to the extent proposed paragraph (b)(2)(vi) on default management procedures extends beyond the scope of existing paragraphs (b)(2)(i)(J) or (b)(2)(i)(K), DCOs should already have this information.

        c.   *Section 15(a) Factors*

In addition to the discussion above, the Commission has evaluated the costs and benefits of the proposed amendments to § 39.15(b)(2) in light of the specific considerations identified in Section 15(a) of the CEA. The Commission believes that the proposed amendments will have a beneficial effect on the protection of market

participants and on sound risk management practices. The amendments better focus the

DCO submissions on risk management considerations that are relevant to address the

commingling of customer positions and associated funds as proposed, and assure that

DCOs provide the Commission with the information it needs to consider the regulatory

adequacy of their efforts. These activities are ultimately directed towards protecting

market participants whose accounts are exposed to risks the commingled positions

introduce. The Commission has considered the other Section 15(a) factors and believes

that they are not implicated by the proposed amendments to § 39.15(b)(2).

     5.   Notification of Exceptional Events – § 39.18(g)

     a.   *Benefits*

The Commission is proposing to amend § 39.18(g)(1) to expand the scope of

hardware or software malfunctions for which a DCO must provide notice to the Division

by proposing to delete the materiality element from the requirement that such

malfunctions materially impair, or create a significant likelihood of material impairment

of, the DCO's automated systems. The Commission also is proposing to amend §

39.18(g)(1) to add a new requirement that a DCO notify the Commission of any operator

error that impairs, or creates a significant likelihood of impairment of, automated system

operation, reliability, security, or capacity. Additionally, the Commission is proposing to

add new paragraph § 39.18(g)(2) that incorporates with proposed modifications the

requirement currently in paragraph (g)(1) that a DCO notify the Division of security

incidents and threats. The proposed modifications to paragraph (g)(2) expand the

notification requirement by: (1) eliminating the existing requirement that a DCO report

only targeted threats in favor of the proposed requirement that it report all qualifying

threats; (2) replacing the requirement that a DCO notify the Division of security incidents

and threats that impair, or could impair, the DCO's automated systems with the

requirement that a DCO notify the Division of security incidents or threats that

compromise or could compromise the DCO's automated systems; and (3) adding the requirement that a DCO notify the Division of security incidents or threats that compromise or could compromise the information, services, or data, including, but not limited to, third-party information, services, or data, relied upon by the DCO in discharging its responsibilities.

By removing the qualifier that events be material, the proposed amendments to § 39.18(g) will benefit DCOs by providing additional clarity and certainty regarding their obligations to notify the Division of hardware or software malfunctions, operator errors, or security incidents or threats, including security incidents or threats affecting third parties that DCOs rely upon. Additionally, removing the qualifier that only targeted threats must be reported to the Division, and also specifying that threats to third parties must be reported, may enhance the ability of the Division to inform other DCOs of emerging cyberthreats and the Commission to better assess possible emerging threats across DCOs.

b. Costs

The Commission anticipates that the proposed amendments to § 39.18(g) may impose additional costs on DCOs because DCOs may be required to provide additional and more frequent notifications to the Division regarding reportable events. Although it is difficult to quantify these costs because they depend almost entirely upon the occurrence of external events that are outside of the DCO's control, the Commission estimates, based on recent levels of reporting, that these changes will require DCOs to file an additional four reports per year, on average. The Commission estimates that this additional reporting will cost each DCO approximately $152 per year.

c. Section 15(a) Factors

In addition to the discussion above, the Commission has evaluated the costs and benefits of the proposed amendments to § 39.18(g) in light of the specific considerations

identified in Section 15(a) of the CEA. To the extent that the proposed amendments to § 39.18(g) reduce, through increased awareness and vigilance or through improved information collection and dissemination, the likelihood or severity of hardware or software malfunctions, operator errors, or security incidents or threats, then the proposed amendments may have a beneficial effect on the protection of market participants, and on ensuring or enhancing sound risk management practices by DCOs. The Commission has considered the other Section 15(a) factors and believes that they are not implicated by the proposed amendments to § 39.18(g).

6. Removing the Requirement to Report Variation Margin and Cash Flow Information by Individual Customer Account in § 39.19(c)(1)(i)(B) and (C)

a. Benefits

The Commission is proposing to amend § 39.19(c)(1)(i)(B) and (C) to remove the requirement that DCOs report to the Commission on a daily basis variation margin and cash flows by individual customer account. After this requirement was adopted, the Commission learned that the operational and technological requirements, including the related data integrity and validation requirements, are significantly greater than originally anticipated. Indeed, the burden of these requirements would extend beyond DCOs and affect clearing members as well. In removing these requirements from § 39.19(c)(1)(i)(B) and (C), the Commission anticipates benefits to DCOs and their clearing members in that their operational, technological, and compliance burdens would be reduced.

b. Costs

The Commission expects that DCOs and their clearing members will not incur any costs related to the proposed amendments to § 39.19(c)(1)(i)(B) and (C), as the Commission is proposing to remove existing requirements.

c. Section 15(a) Factors

In addition to the discussion above, the Commission has evaluated the costs and benefits of the proposed amendments to § 39.19(c)(1)(i)(B) and (C) in light of the specific considerations identified in Section 15(a) of the CEA. The Commission believes that the proposed amendments to § 39.19(c)(1)(i)(B) and (C) would have a moderately beneficial effect by reducing technological, operational, and compliance burdens of DCOs, and of their clearing members. The Commission also believes that the proposed amendments would not have any effect on protection of market participants and the public or on sound risk management practices because, although the Commission is slightly reducing the amount of information that DCOs must report to the Commission, the Commission is confident that it will continue to receive from DCOs sufficient information to effectively and efficiently supervise and oversee DCOs and the derivatives markets. The Commission has considered the other Section 15(a) factors and believes that they are not implicated by the proposed amendments to § 39.19(c)(1)(i)(B) and (C).

7. Codifying the Existing Reporting Fields for the Daily Reporting Requirements in New Appendix C to Part 39

a. *Benefits*

The Commission is proposing to add a new appendix C to part 39 that would codify the existing reporting fields for the daily reporting requirements in § 39.19(c)(1). Until now, the instructions, reporting fields, and technical specifications for daily reporting have been contained in the Reporting Guidebook, which the Division provides to DCOs to facilitate reporting pursuant to § 39.19(c)(1). Although this proposal will not result in material benefit to currently-registered DCOs, the Commission believes that the proposal may benefit prospective DCO applicants, as well as members of the industry and general public, by providing a detailed list of DCO daily reporting obligations, in contrast to the more general requirements in § 39.19(c)(1).

b. *Costs*

The Commission does not expect that DCOs will incur increased costs related to the proposal to codify the reporting fields from the Reporting Guidebook as an appendix to part 39 DCOs have been relying on the Reporting Guidebook for nearly a decade to satisfy their daily reporting obligations under § 39.19(c)(1). Codifying these requirements into a regulatory appendix does not alter the existing burden that DCOs have in complying with § 39.19(c)(1).

c. *Section 15(a) Factors*

In addition to the discussion above, the Commission has evaluated the costs and benefits of the proposal to codify the Reporting Guidebook as an appendix to part 39 in light of the specific considerations identified in Section 15(a) of the CEA. The Commission has considered the Section 15(a) factors and believes that they are not implicated by the proposal to add a new appendix to part 39 that codifies the reporting fields set forth in the existing Reporting Guidebook.

8. Additional Proposed Reporting Fields for the Daily Reporting Requirements – § 39.19(c)(1)

a. *Benefits*

The Commission is proposing to add several new daily reporting fields that would be incorporated into new appendix C to part 39. The Commission is proposing to require that DCOs that clear interest rate swaps include in their daily reports the delta ladder, gamma ladder, vega ladder, zero rate curves, and yield curves that those DCOs use in connection with managing risks associated with interest rate swaps positions. The Commission also is proposing to require that DCOs include in their daily reports timing information about variation margin calls and payments. Furthermore, the Commission is proposing to require that DCOs that clear interest rate swaps, forward rate agreements, or inflation index swaps include in their daily reports the actual trade date for each position along with an event description. Lastly, the Commission is proposing to require DCOs to include in their daily reports information that reflects that the daily report is complete.

This information would allow the Commission to conduct more effective oversight of DCOs, particularly in connection with identifying positions that create the most risk to the DCO and its clearing members, thereby enhancing the protections afforded to the markets generally. Furthermore, the Commission believes that timing information regarding variation margin calls and payments is an important component of understanding potential liquidity issues at DCOs, especially in circumstances where liquidity issues involving a single clearing member may have the potential to affect multiple DCOs.

b. Costs

The Commission expects that the proposal to require DCOs to include in their daily reports timing information about variation margin calls and payments could impose a significant burden on DCOs, especially to the extent that DCOs employ systems that do not automatically affix a timestamp to these processes, or that cannot be modified to do so at a reasonable cost. The Commission requests comment on the burdens associated with this aspect of the proposal, as well as any burdens associated with the potential alternative of, in lieu of reporting the exact time of variation margin calls and payments, reporting whether calls and payments were made within a specified timeframe, such as beginning, middle, or end of day.

The Commission believes that the costs associated with the remaining aspects of the proposal to add several new daily reporting fields that would be incorporated into new appendix C are negligible. The Commission believes that DCOs already possess this information in read-ready format and use it in the ordinary course of business, and the proposal only requires that they transmit it to the Commission in a standardized format. Despite these beliefs and out of an abundance of caution, the Commission is estimating the cost of developing and producing the new daily reporting fields that would be incorporated into new appendix C.

The Commission estimates that the capital costs associated with the proposal are negligible. The Commission also estimates that any ongoing costs are negligible because the Commission understands that the preparation and submission of the daily reports required pursuant to § 39.19(c)(1)(i) is largely automated. However, to the extent that a DCO does not currently use any of the information that would be required under the proposed new fields, or if that information is not accessible on an automated basis, then a DCO may incur start-up costs associated with reporting information pursuant to the proposed new fields, specifically including costs for coding, as well as testing, quality assurance, and compliance review. To estimate these start-up costs, the Commission relied upon internal subject matter experts in its Divisions of Data and Clearing and Risk to estimate the amount of time and type of DCO personnel necessary to complete the coding, testing, quality assurance, and compliance review. The Commission then used data from the Department of Labor's Bureau of Labor Statistics from May 2021 to estimate the total costs of this work.[38] Using this method, the Commission estimates the total start-up costs to be approximately $109,574.43 per DCO.[39]

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[38] According to the May 2021 National Occupational Employment and Wage Estimates Report produced by the U.S. Bureau of Labor Statistics, available at *https://www.bls.gov/oes/current/oes_nat.htm*, the mean salary for a computer systems analyst in management companies and enterprises is $103,860. This number is divided by 1800 work hours in a year to account for sick leave and vacations and multiplied by 2.5 to account for retirement, health, and other benefits, as well as for office space, computer equipment support, and human resources support, all of which yields an hourly rate of $144.25. Similarly, a computer programmer has a mean annual salary of $102,430, yielding an hourly rate of $142.26; a software quality assurance analyst and tester has a mean annual salary of $99,460, yielding an hourly rate of $138.14; and a compliance attorney has a mean annual salary of $198,900, yielding an hourly rate of $276.25.

[39] The estimate of total start-up costs consists of the following: $14,101.10 for the delta ladder, gamma ladder, vega ladder, and the zero rate curves, based on 20 hours of systems analyst time, 40 hours of programmer time, and 40 hours of tester time; $7,248.61 for adding interest rate, forward rates, and end of day position fields, based on 8 hours of systems analyst time, 4 hours of programmer time, and 40 hours of tester time; $39,907.22 for the payment file, based on 120 hours of systems analyst time, 120 hours of programmer time, and 40 hours of tester time; $14,140.83 for the manifest file, based on 40 hours of systems analyst time, 40 hours of programmer time, and 20 hours of tester time; and $22,676.67 for adding the back testing fields, based on 40 hours of systems analyst time, 80 hours of programmer time, and 40 hours of tester time. The estimate of total start-up costs also includes $11,500.00 for compliance attorney review. A DCO may choose to employ a manifest file or alternatively a file count to the account and end of day position files. If a DCO elects the latter, the estimate of total start-up costs is reduced to $106,120.38, because while adding a manifest file is estimated to cost $14,140.83, adding file count information is estimated to cost $10,686.78 (based on 20 hours of systems analyst time, 16 hours of programmer time, and 40 hours of tester time). Additionally, the Commission estimates that requiring DCOs to report pricing information for contracts without open interest, which the Commission is

c.   *Section 15(a) Factors*

In addition to the discussion above, the Commission has evaluated the costs and

benefits of the proposal to add these daily reporting fields to new appendix C to part 39 in

light of the specific considerations identified in Section 15(a) of the CEA. The

Commission believes that, because of its potential to provide the information required to

better understand DCO liquidity risk from clearing members, the proposal that DCOs

include in their daily reports timing information about variation margin calls and

payments is likely to improve protection of market participants and the public, enhance

the financial integrity of the futures markets, and ultimately result in improved DCO risk

management practices. The proposals to require DCOs to include in their daily reports

delta ladder, gamma ladder, vega ladder, zero rate curve, and yield curve information for

interest rates swaps, as well as trade dates for interest rate swaps, forward rate

agreements, and inflation index swaps, are expected to provide information necessary for

the Commission to improve its supervision and oversight of DCOs and the derivatives

markets, which in turn is expected to result in improved protection of market participants

and the public, improved financial integrity of the futures markets, and potentially

improved DCO risk management practices. The Commission has considered the other

Section 15(a) factors and believes that they are not implicated by this proposal.

9.   Daily Reporting of Margin Model Back Testing – § 39.19(c)(1)(i)

a.   *Benefits*

The Commission is proposing to add to § 39.19(c)(1)(i) a requirement that DCOs

include in their daily reports the results of the margin model back testing that DCOs are

required to perform daily pursuant to § 39.13(g)(7)(i). Margin model back testing results

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considering, would impose start-up costs of $34,137.22 on each DCO, based on 80 hours of systems
analyst time, 120 hours of programmer time, and 40 hours of tester time. The $34,137.22 estimate is not
included in the estimated total start-up costs of $109,574.43 per DCO because, although the Commission is
considering this requirement and is requesting comment, it has not otherwise proposed this requirement.

are a crucial element of an effective risk surveillance program; obtaining this information would allow the Commission to conduct more effective oversight of DCOs, thereby enhancing the protections afforded to the markets generally.

b. *Costs*

The Commission expects that the proposal to require DCOs to report back testing results daily will impose only a negligible cost on DCOs because DCOs already possess this information, and they are being required only to transmit it to the Commission in a standardized format. However, to the extent that a DCO does not maintain in the required standardized format the information that would be required under the proposal, a DCO may incur initial costs related to modifying its systems to convert the information to the standardized format, specifically including costs for coding, as well as testing, quality assurance, and compliance review. An estimate of these start-up costs is included in the discussion of the estimated costs associated with reporting information pursuant to the proposed new fields in proposed appendix C. The Commission notes, however, that some DCOs are already voluntarily providing back testing information to the Commission on a weekly or monthly basis.

c. *Section 15(a) Factors*

In addition to the discussion above, the Commission has evaluated the costs and benefits of the proposal to require DCOs to report back testing results daily in light of the specific considerations identified in Section 15(a) of the CEA. The proposal to require DCOs to report back testing results daily is expected to improve the Commission's supervision of DCO risk management and, therefore, is expected to yield enhanced protection of market participants and the public, improved financial integrity of the futures markets, and also potentially improve DCO risk management practices. The Commission has considered the other Section 15(a) factors and believes that they are not implicated by this proposal.

10. Fully Collateralized Positions – § 39.19(c)(1)(ii)

a. *Benefits*

The Commission is proposing to amend § 39.19(c)(1)(ii) to clarify that, as with § 39.19(c)(1)(i), this regulation does not apply to fully collateralized positions. Because § 39.19(c)(1)(ii) merely expands on § 39.19(c)(1)(i) and has no independent force or effect, this does not represent a substantive change but merely provides greater clarity and certainty.

Clarifying the applicability of § 39.19(c)(1)(ii) provides greater certainty to DCOs, their clearing members, and their customers, and should prevent them from having to request guidance on this matter from the Commission or the Division in the future. Further, the Commission believes that it may increase operational efficiency for DCOs that clear fully collateralized positions.

b. *Costs*

The Commission does not anticipate any non-negligible change in costs resulting from this proposal.

c. *Section 15(a) Factors*

In addition to the discussion above, the Commission has evaluated the costs and benefits in light of the specific considerations identified in Section 15(a) of the CEA. In consideration of Section 15(a)(2)(B) of the CEA, the Commission believes that the proposal to clarify § 39.19(c)(1)(ii) may increase operational efficiency for DCOs that clear fully collateralized positions. The Commission has considered the other Section 15(a) factors and believes that they are not implicated by the proposed amendments.

11. Reporting Change of Control of the DCO - § 39.19(c)(4)(ix)(A)(1)

a. *Benefits*

Regulation 39.19(c)(4)(ix)(A)(1) requires a DCO to report any change in the ownership or corporate or organizational structure of the DCO or its parent(s) that would

result in at least a 10 percent change of ownership of the DCO. The Commission is proposing to amend § 39.19(c)(4)(ix)(A)(1) to require a DCO to report any change in the ownership or corporate or organizational structure of the DCO or its parent(s) that would result in a change to the entity or person holding a controlling interest in the DCO, whether through an increase in direct ownership or voting interest in the DCO or in a direct or indirect corporate parent entity of the DCO. This proposal would ensure that the Commission has accurate knowledge of the individuals or entities that control a DCO and its activities regardless of the corporate structures of the equity holders of the DCO.

b. Costs

The Commission expects the costs related to the proposed amendments to § 39.19(c)(4)(ix)(A)(1) to be negligible. Specifically, the Commission expects a negligible cost burden with respect to the proposed changes, in part because the changes of control contemplated by the proposal occur infrequently. In addition, DCOs have typically notified the Commission of such changes of control even if not technically required by the current regulations. The administrative burden of notifying the Commission— preparing a notification, attaching relevant but pre-existing supporting documents such as the revised organizational chart, and submitting to the Commission—is negligible.

c. Section 15(a) Factors

In addition to the discussion above, the Commission has evaluated the costs and benefits of the proposed amendments to § 39.19(c)(4)(ix)(A)(1) in light of the specific considerations identified in Section 15(a) of the CEA. The Commission believes that the proposed amendments may have a moderately beneficial effect on protection of market participants and the public, as well as on the financial integrity of the futures markets, because the proposed amendments would provide the Commission with a better understanding of the organizational structure of the DCO and its position in the broader

markets. The Commission has considered the other Section 15(a) factors and believes

that they are not implicated by the proposed amendments to § 39.19(c)(4)(ix)(A)(1).

11. Reporting Issues with Credit Facility Funding Arrangements, Liquidity Funding Arrangements, Custodian Banks, and Settlement Banks – § 39.19(c)(4)(xv)

a. *Benefits*

The Commission is proposing to amend § 39.19(c)(4)(xv), which currently

requires reporting of issues or concerns with regard to settlement banks only, to require

that a DCO report to the Commission within one business day after it becomes aware of

any material issues or concerns regarding the performance, stability, liquidity, or

financial resources of any credit facility funding arrangement, liquidity funding

arrangement, custodian bank, or settlement bank used by the DCO or approved for use by

the DCO's clearing members. Requiring the reporting of this information will promote

the Commission's awareness of material issues or concerns that may impact a DCO's

operations and its compliance with its regulatory obligations.

b. *Costs*

The Commission expects that the costs related to the proposed amendments to §

39.19(c)(4)(xv) will be negligible. Specifically, because a DCO is only required to report

these issues when it becomes aware of them, and given that these events are not very

common, any cost increase is estimated to be negligible.

c. *Section 15(a) Factors*

In addition to the discussion above, the Commission has evaluated the costs and

benefits of the proposed amendments to § 39.19(c)(4)(xv) in light of the specific

considerations identified in Section 15(a) of the CEA. The Commission believes that the

proposed amendments to § 39.19(c)(4)(xv) may potentially have a beneficial effect on

protection of market participants and the public, as well as on the financial integrity of

the futures markets, because the proposed amendments would provide the Commission

with new, additional information that is anticipated to assist the Commission in its supervision of DCOs and oversight of the derivatives markets. Additionally, this information could be time-sensitive and critically important in times of market stress or broader economic upheaval. The Commission has considered the other Section 15(a) factors and believes that they are not implicated by the proposed amendments to § 39.19(c)(4)(xv).

> 12. Reporting of Updated Responses to the Disclosure Framework for Financial Market Infrastructures – § 39.19(c)(4)(xxv)

> a. *Benefits*

The Commission is proposing new § 39.19(c)(4)(xxv) to codify in § 39.19 the requirement in § 39.37(b)(2) that, when a DCO updates its responses to the Disclosure Framework for Financial Market Infrastructures published by the Committee on Payment and Settlement Systems and the Board of the International Organization of Securities Commissions in accordance with § 39.37(b)(1), the DCO shall provide notice of those updates to the Commission. The proposed amendment further centralizes within § 39.19 the obligations of DCOs to report information to the Commission, which may be of some benefit to affected DCOs by consolidating their reporting obligations within one location.

> b. *Costs*

The Commission does not anticipate any costs associated with the proposed adoption of § 39.19(c)(4)(xxv) because it does not alter the reporting obligations of DCOs.

> c. *Section 15(a) Factors*

In addition to the discussion above, the Commission has evaluated the costs and benefits of the proposed adoption of § 39.19(c)(4)(xxv) in light of the specific considerations identified in Section 15(a) of the CEA. The Commission has considered the Section 15(a) factors and believes that they are not implicated by the proposed adoption of § 39.19(c)(4)(xxv).

13. Publication of Margin-Setting Methodology and Financial Resource Package Information – § 39.21(c)(3) and (4)

   a.   *Benefits*

The Commission is proposing to amend § 39.21(c)(3) and (4) to provide that a DCO that clears only fully collateralized positions is not required to disclose its margin-setting methodology, or information regarding the size and composition of its financial resource package for use in a default, if instead the DCO discloses that it does not employ a margin-setting methodology or maintain a financial resource package because it clears only fully collateralized positions. The Commission anticipates the public may benefit from increased clarity regarding the risks that market participants may face at such a DCO because the full collateralization requirement is intended to mitigate such risk.

   b.   *Costs*

The Commission does not anticipate any costs associated with the proposed amendment to § 39.21(c)(3) and (4).

   c.   *Section 15(a) Factors*

In addition to the discussion above, the Commission has evaluated the costs and benefits of the proposed amendments to § 39.21(c)(3) and (4) in light of the specific considerations identified in Section 15(a) of the CEA. The Commission believes that the proposed amendments to § 39.21(c)(3) and (4) would serve the broader public interest due to the increased clarity regarding the risks that market participants may face at such a DCO, as the full collateralization requirement is intended to mitigate such risk. The Commission has considered the other Section 15(a) factors and believes that they are not implicated by the proposed amendments to § 39.21(c)(3) and (4).

14. Excluding Eligible DCOs From the Requirement in § 39.21(c)(7) to Publish a List of Clearing Members

   a.   *Benefits*

The Commission is proposing to amend § 39.21(c)(7) to provide that a DCO may omit any non-FCM clearing member that clears only fully collateralized positions, and therefore does not share in the mutualized risk associated with clearing activity, from its published list of clearing members. The Commission anticipates that the proposed amendment would reduce operational and compliance burdens on eligible DCOs. This is a significant benefit because, given the manner in which they engage directly with market participants, DCOs that provide for fully collateralized clearing may have a large number of non-FCM clearing participants and a high volume of turnover among such participants.

  b. *Costs*

The Commission does not anticipate any costs associated with the proposed amendments to Regulation 39.21(c)(7), as the proposed rule reduces the public disclosure requirements that apply to DCOs that provide for fully collateralized clearing.

  c. *Section 15(a) Factors*

In addition to the discussion above, the Commission has evaluated the costs and benefits of the proposed amendments to § 39.21(c)(7) in light of the specific considerations identified in Section 15(a) of the CEA. The Commission believes that the proposed amendments to § 39.21(c)(7) would have a limited and rather moderately beneficial effect on the efficiency and competitiveness of the futures markets, specifically with regard to the operations of the eligible DCOs themselves, because eligible DCOs would enjoy the reduced burden of being excused from including non-FCM clearing members that clear only fully collateralized positions in their published lists of clearing participants. Additionally, with respect to public interest considerations, the Commission believes that the proposed amendments to § 39.21(c)(7) would have a moderately beneficial effect on non-FCM market participants that clear through eligible DCOs, because those market participants would benefit from the additional privacy afforded to

them when they are not publicly listed as clearing members on the DCO's website. The Commission has considered the other Section 15(a) factors and believes that they are not implicated by the proposed amendments to § 39.21(c)(7).

15.   Clarifying the Disclosure Obligations in § 39.37

a.   *Benefits*

The Commission is proposing to amend § 39.37(c) and (d) to clarify that public disclosure of the information described in those paragraphs is all that is required. The proposed changes to § 39.37(c) and (d) would provide a modest benefit to SIDCOs and subpart C DCOs by clarifying that a separate report directly to the Commission of information that the DCO discloses publicly pursuant to § 39.37(c) and (d) is not required.

b.   *Costs*

The Commission has not identified any costs associated with the proposed changes to § 39.37(c) and (d).

c.   *Section 15(a) Factors*

In addition to the discussion above, the Commission has evaluated the costs and benefits of the proposed amendment of § 39.37(c) and (d) in light of the specific considerations identified in Section 15(a) of the CEA. The Commission has considered the Section 15(a) factors and believes that they are not implicated by the proposed changes.

16.   Proposed Amendments to § 140.94(c)(10)

a.   *Benefits*

The Commission is proposing to amend § 140.94(c)(10) to provide the Director of the Division with delegated authority to request additional information that the Commission determines to be necessary to conduct oversight of the DCO, and to specify the format and manner of the DCO reporting requirements. The Commission believes the

proposed delegation of authority would promote a more expedient process to address these aspects of the reporting requirements under § 39.19.

b.   Costs

The Commission has not identified any costs associated with the proposed amendments to § 140.94(c)(10).

c.   Section 15(a) Factors

The Commission has considered the Section 15(a) factors and believes that they are not implicated by this proposed amendment.

D. Antitrust Considerations

Section 15(b) of the CEA requires the Commission to take into consideration the public interest to be protected by the antitrust laws and endeavor to take the least anticompetitive means of achieving the purposes of the CEA, in issuing any order or adopting any Commission rule or regulation.[40]

The Commission believes that the public interest to be protected by the antitrust laws is the promotion of competition. The Commission requests comment on whether the proposed amendments implicate any other specific public interest to be protected by the antitrust laws. The Commission has considered the proposed rulemaking to determine whether it is anticompetitive and has identified no anticompetitive effects. The Commission requests comment on whether the proposed rulemaking is anticompetitive and, if it is, what the anticompetitive effects are.

Because the Commission has determined that the proposed rule amendments are not anticompetitive and have no anticompetitive effects, the Commission has not identified any less anticompetitive means of achieving the purposes of the CEA. The Commission requests comment on whether there are less anticompetitive means of

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[40] 7 U.S.C. 19(b).

achieving the relevant purposes of the CEA that would otherwise be served by adopting the proposed rule amendments.

List of Subjects in 17 CFR Part 39

Reporting and recordkeeping requirements.

For the reasons stated in the preamble, the Commodity Futures Trading Commission proposes to amend 17 CFR chapter I as follows:

PART 39—DERIVATIVES CLEARING ORGANIZATIONS

1. The authority citation for part 39 continues to read as follows:

Authority: 7 U.S.C. 2, 6(c), 7a-1, and 12a(5); 12 U.S.C. 5464; 15 U.S.C. 8325; Section 752 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. L. 111-203, title VII, sec. 752, July 21, 2010, 124 Stat. 1749.

2. Amend § 39.13 by revising paragraph (h)(5)(i)(B), removing paragraph (C), and adding paragraph (iii), to read as follows:

§ 39.13 Risk management.

* * * * *

(h) * * *

(5) * * *

(i) * * *

(B) Require its clearing members to provide to the derivatives clearing organization or the Commission, upon request, information and documents regarding their risk management policies, procedures, and practices, including, but not limited to, information and documents relating to the liquidity of their financial resources and their settlement procedures.

(ii) * * *

(iii) A derivatives clearing organization that clears fully collateralized positions may exclude from the requirements of paragraphs (h)(5)(i) and (ii) of this section those clearing members that clear only fully collateralized positions.

* * * * *

3. Amend § 39.15 by revising paragraph (b)(2) to read as follows:

§ 39.15 Treatment of funds.

* * * * *

(b) * * *

(2) *Commingling*. In order for a derivatives clearing organization and its clearing members to commingle customer positions in futures, options, foreign futures, foreign options, and swaps, or any combination thereof, and any money, securities, or property received to margin, guarantee or secure such positions, in an account subject to the requirements of sections 4d(a) or 4d(f) of the Act, the derivatives clearing organization shall file rules for Commission approval pursuant to the requirements and standard of review of § 40.5 of this chapter. Such rule submission shall include, at a minimum, the following:

(i) Identification of the products that would be commingled, including product specifications or the criteria that would be used to define eligible products;

(ii) Analysis of the risk characteristics of the eligible products, including any characteristics that are unusual in relation to the other products cleared by the derivatives clearing organization, and of the derivatives clearing organization's ability to manage those risks;

(iii) Analysis of the liquidity of the respective markets for the eligible products, the ability of clearing members and the derivatives clearing organization to offset or mitigate the risk of such eligible products in a timely manner, without compromising the financial integrity of the account, and, as appropriate, proposed means for addressing insufficient liquidity;

(iv) A description of any additional requirements that would apply to clearing members permitted to commingle eligible products;

(v) A description of any risk management changes that the derivatives clearing organization will implement to oversee its clearing members' risk management of eligible products, or an analysis of why existing risk management systems and procedures are adequate in connection with the proposed commingling;

(vi) An analysis of the ability of the derivatives clearing organization to manage a potential default with respect to any of the eligible products that would be commingled, including a discussion of any default management procedures that are unique to the products eligible for commingling;

(vii) A discussion of the extent to which the derivatives clearing organization anticipates allowing portfolio margining of commingled positions, including a description and analysis of any margin reduction applied to correlated positions and the language of any applicable clearing rules or procedures, and an express confirmation that any portfolio margining will be allowed only as permitted under § 39.13(g)(4) of this chapter; and

(viii) Any other information necessary for the Commission to determine the rule submission's compliance with the Act and the Commission's regulations, which the Commission may request as supplemental information if not provided in the initial submission. The Commission may extend the review period for the rule submission in accordance with § 40.5(d) of this chapter in order to request and obtain supplemental information as necessary.

* * * * *

4. Amend § 39.18 by adding to paragraph (a) in alphabetical order the definitions of "Automated system" and "Hardware or software malfunction", revising paragraphs (g)(1) and (2), and adding paragraph (g)(3) to read as follows:

§ 39.18 System safeguards.

(a) * * *

* * * * *

Automated system means computers, ancillary equipment, software, firmware, and similar procedures, services (including support services), and related resources that a derivatives clearing organization uses in its operations.

* * * * *

Hardware or software malfunction means any circumstance where an automated system or a manually initiated process fails to function as designed or intended, or the output of the software produces an inaccurate result.

* * * * *

(g) * * *

(1) Any hardware or software malfunction or operator error that impairs, or creates a significant likelihood of impairment of, automated system operation, reliability, security, or capacity;

(2) Any security incident or threat that compromises or could compromise the confidentiality, availability, or integrity of any automated system or any information, services, or data, including, but not limited to, third-party information, services, or data, relied upon by the derivatives clearing organization in discharging its responsibilities; or

(3) Any activation of the derivatives clearing organization's business continuity and disaster recovery plan.

* * * * *

5. Amend § 39.19 by:

a. Revising paragraphs (c)(1)(i) and the introductory text of paragraph (c)(1)(ii),

b. Adding paragraph (c)(1)(iii),

c. Revising paragraphs (c)(4)(ix)(A)(*1*), (xii), (xiii), and (xv), and

d. Adding paragraph (c)(4)(xxv).

The revisions and additions read as follows:

§ 39.19 Reporting.

* * * * *

(c) * * *

(1) * * *

(i) A derivatives clearing organization shall compile as of the end of each trading day, and submit to the Commission by 10:00 a.m. on the next business day, a report containing the results of the back testing required under § 39.13(g)(7)(i), and the following information related to all positions other than fully collateralized positions:

(A) Initial margin requirements and initial margin on deposit for each clearing member, by house origin and by each customer origin, and by each individual customer account. The derivatives clearing organization shall identify each individual customer account, using both a legal entity identifier, where available, and any internally-generated identifier, within each customer origin for each clearing member;

(B) Daily variation margin, separately listing the mark-to-market amount collected from or paid to each clearing member, by house origin and by each customer origin;

(C) All other daily cash flows relating to clearing and settlement including, but not limited to, option premiums and payments related to swaps such as coupon amounts, collected from or paid to each clearing member, by house origin and by each customer origin; and

(D) End-of-day positions, including as appropriate the risk sensitivities and valuation data that the derivatives clearing organization generates, creates, or calculates in connection with managing the risks associated with such positions, for each clearing member, by house origin and by each customer origin, and by each individual customer account. The derivatives clearing organization shall identify each individual customer

account, using both a legal entity identifier, where available, and any internally-generated identifier, within each customer origin for each clearing member.

(ii) The report shall contain the information required by paragraphs (c)(1)(i)(A) through (D) of this section for each of the following, other than fully collateralized positions:

* * * * *

(iii) Notwithstanding the specific fields set forth in appendix C to this part, a derivatives clearing organization may choose to submit, after consultation with staff of the Division of Clearing and Risk, any additional data fields that is necessary or appropriate to better capture the information that is being reported.

* * * * *

(4) * * *

(ix) * * *

(A) * * *

(1) Result in at least a 10 percent change of ownership of the derivatives clearing organization or a change to the entity or person holding a controlling interest in the derivatives clearing organization, whether through an increase in direct ownership or voting interest in the derivatives clearing organization or in a direct or indirect corporate parent entity of the derivatives clearing organization;

* * * * *

(xii) *Change in credit facility funding arrangement.* A derivatives clearing organization shall report to the Commission no later than one business day after the derivatives clearing organization enters into, terminates, or changes a credit facility funding arrangement, or is notified that such arrangement has changed, including but not limited to a change in lender, change in the size of the facility, change in expiration date, or any other material changes or conditions.

(xiii) *Change in liquidity funding arrangement.* A derivatives clearing organization shall report to the Commission no later than one business day after the derivatives clearing organization enters into, terminates, or changes a liquidity funding arrangement, or is notified that such arrangement has changed, including but not limited to a change in provider, change in the size of the arrangement, change in expiration date, or any other material changes or conditions.

* * * * *

(xv) *Issues with credit facility funding arrangements, liquidity funding arrangements, custodian banks, or settlement banks.* A derivatives clearing organization shall report to the Commission no later than one business day after it becomes aware of any material issues or concerns regarding the performance, stability, liquidity, or financial resources of any credit facility funding arrangement, liquidity funding arrangement, custodian bank, or settlement bank used by the derivatives clearing organization or approved for use by the derivatives clearing organization's clearing members.

* * * * *

(xxv) *Updates to Responses to the Disclosure Framework for Financial Market Infrastructures.* A systemically important derivatives clearing organization or a subpart C derivatives clearing organization that updates its responses to the Disclosure Framework for Financial Market Infrastructures published by the Committee on Payment and Settlement Systems and the Board of the International Organization of Securities Commissions pursuant to § 39.37(b)(1) must provide to the Commission, within ten business days after such update, a copy of the text of the responses that shows all deletions and additions made to the immediately preceding version of the responses, as required by § 39.37(b)(2).

* * * * *

6. Amend § 39.21 by revising paragraphs (c)(3), (4), and (7) to read as follows:

§ 39.21 Public information.

* * * * *

(c) * * *

(3) Information concerning its margin-setting methodology, except that a derivatives clearing organization that clears only fully collateralized positions instead may disclose that it does not employ a margin-setting methodology because it clears only fully collateralized positions;

(4) The size and composition of the financial resource package available in the event of a clearing member default, updated as of the end of the most recent fiscal quarter or upon Commission request and posted as promptly as practicable after submission of the report to the Commission under § 39.11(f)(1)(i)(A), except that a derivatives clearing organization that clears only fully collateralized positions instead may disclose that it does not maintain a financial resource package to be used in the event of a clearing member default because it clears only fully collateralized positions;

* * * * *

(7) A current list of all clearing members, except that a derivatives clearing organization may omit any clearing member that clears only fully collateralized positions and is not a futures commission merchant;

* * * * *

7. Amend § 39.25 by revising paragraph (c) to read as follows:

§ 39.25 Conflicts of interest.

* * * * *

(c) Have procedures for identifying, addressing, and managing conflicts of interest involving members of the board of directors.

* * * * *

8. Amend § 39.37 by revising paragraphs (c) and the introductory text of paragraph (d) to read as follows:

§ 39.37 Additional disclosure for systemically important derivatives clearing organizations and subpart C derivatives clearing organizations.

* * * * *

(c) Publicly disclose relevant basic data on transaction volume and values consistent with the standards set forth in the Public Quantitative Disclosure Standards for Central Counterparties published by the Committee on Payments and Market Infrastructures and the International Organization of Securities Commissions;

(d) Publicly disclose rules, policies, and procedures concerning segregation and portability of customers' positions and funds, including whether each of:

* * * * *

9. Add new Appendix C to part 39 to read as follows:

Appendix C to Part 39—Daily Reporting Data Fields

A.   Daily Cash Flow Reporting
M = mandatory C = conditional O = optional

COMMON FIELDS (DAILY CASH FLOW REPORTING)			
Field Name	**Description**	**House & Customer Origin**	**Individual Customer Account**
Total Message Count	The total number of reports included in the file.	M	M
FIXML Message Type	FIXML account summary report type.	M	M
Sender ID	The CFTC-issued derivatives clearing organization (DCO) identifier.	M	M
To ID	Indicate "CFTC".	M	M
Message Transmit Datetime	The date and time the file is transmitted.	M	M
Report ID	A unique identifier assigned by the CFTC to each clearing member report.	M	M
Report Date	The business date of the information being reported.	M	M
Base Currency	Base currency referenced throughout report; provide exchange rate against this currency.	M	M
Report Time (Message Create Time)	The report "as of" or information cut-off time.	M	M
DCO Identifier	CFTC-assigned identifier for a DCO.	M	M

Field Name	Description		
Clearing Participant Identifier	DCO-assigned identifier for a particular clearing member.	M	M
Clearing Participant Name	The name of the clearing member.	M	M
Fund Segregation Type	Clearing fund segregation type.	M	M
Clearing Participant LEI	Legal entity identifier (LEI) for a particular clearing member.	C	C
Clearing Participant LEI Name	The LEI name associated with the clearing member LEI.	C	C
Customer Position Identifier	Proprietary identifier for a particular customer position account. If the position is non-disclosed, then indicate "NONDISCLOSED". If the position is not in balance at end-of-day through member underreporting positions, then indicate "BALANCE ACCOUNT". If the position is adjusted post end-of-day, then indicate "POSITIONDIFFERENCE".	C	N/A
Customer Position Name	The name associated with the customer position identifier.	M	N/A
Customer Position Account Type	Type of account used for reporting.	C	N/A
Customer LEI	LEI for a particular customer; provide if available.	N/A	C
Customer LEI Name	The LEI name associated with the customer position LEI.	N/A	C
Margin Account	Margin account identifier.	M	N/A
Customer Margin Name	The name associated with the customer margin identifier. If the position is non-disclosed, then indicate "NON-DISCLOSED MARGIN".	N/A	C
Unique Margin Identifier	A single field that uniquely identifies the margin account. This field is used to identify associated positions.	M	M
Customer Margin Identifier	Proprietary identifier for a particular customer. If the position is non-disclosed, then indicate "NON-DISCLOSED MARGIN". If the position is not in balance at end-of-day through member underreporting or overreporting positions, then indicate "EXCESS MARGIN". If the position is adjusted post end-of-day, then indicate "POSITIONDIFFERENCE".	N/A	M
Customer Margin Account Type	Account type indicator.	N/A	M
File number and count	Each FIXML file should indicate its sequence (e.g., "file 1 of 10").	M	M

FUTURES AND OPTIONS (DAILY CASH FLOW REPORTING)			
Field Name	**Description**	**House & Customer Origin**	**Individual Customer Account**
Additional Margin	Any additional margin required in excess of initial margin. For example, this figure should include any liquidity/concentration charge if the charge is not included in the initial margin.	M	N/A
Concentration Risk	Risk factor component to capture costs associated with the liquidation of a large position.	C	C
Delivery Margin	Margin collected to cover delivery risk.	C	N/A

Initial Margin	Margin requirement calculated by the DCO's margin methodology. Unless an integral part of the margin methodology, this figure should not include any additional margin add-ons.	M	M
Liquidity Risk	Risk component to capture bid/offer costs associated with the liquidation of a large portfolio.	C	C
Margin Calls	Any outstanding margin call that has been issued but not collected as of the end of the trade date.	M	N/A
Total Margin	The total margin requirement for the origin. This margin requirement should include the initial margin requirement plus any additional margin required by the DCO.	M	N/A
Variation Margin	Variation margin should include the net sum of all cash flows between the DCO and clearing members by origin.	M	N/A
Market Move Risk	Margin amount associated with market move risk.	C	C
Margin Savings	The margin savings amount for the clearing member where there is a cross-margining agreement with another DCO.	C	N/A
Collateral on Deposit	The collateral on deposit for an origin. This amount should include all collateral after all haircuts that have been deposited to cover the total margin requirement.	M	N/A
Option Premium	Premium registered on the given trading date. The amount of money that the options buyer must pay the options seller.	C	N/A
Net Option Value	The credit or debit amount based on the long or short options positions.	C	C
Backdated Profit and Loss	The profit and loss (P&L) attributed to positions added that were novated on a prior date.	O	N/A
Day Trading Profit and Loss	The P&L attributed to the day's trades.	C	N/A
Position Profit and Loss	The P&L of the previous day's position with today's price movement.	C	N/A
Total Profit and Loss	Unrealized P&L or mark-to-market value of position(s) including change in mark to market (Total P&L = Position P&L + Day Trading P&L + Backdated P&L).	M	N/A
Customer Margin Omnibus Parent	The margin identifier for the omnibus account associated with the customer margin identifier. (Conditional on reported customer position being part of a separately reported omnibus account position.)	N/A	C

COMMODITY SWAPS (DAILY CASH FLOW REPORTING)			
Field Name	**Description**	**House & Customer Origin**	**Individual Customer Account**
Additional Margin	Any additional margin required in excess of initial margin. For example, this figure should include any liquidity/concentration charge if the charge is not included in the initial margin.	M	N/A
Initial Margin	Margin requirement calculated by the DCO's margin methodology. Unless an integral part of the margin methodology, this figure should not include any additional margin add-ons.	M	M
Margin Calls	Any outstanding margin call that has been issued but not collected as of the end of the trade date.	M	N/A
Total Margin	The total margin requirement for the origin. This margin requirement should include the initial margin requirement plus any additional margin required by the DCO.	M	M

Variation Margin	Variation margin should include the net sum of all cash flows between the DCO and clearing members by origin.	M	N/A
Collateral on Deposit	The collateral on deposit for an origin. This amount should include all collateral after all haircuts that have been deposited to cover the total margin requirement.	M	N/A
Option Premium	Premium registered on the given trading date. The amount of money that the options buyer must pay the options seller.	C	N/A
Net Cash Flow	Net cash flow recognized on report date (with actual settlements occurring according to the currency's settlement conventions). E.g., profit/loss, price alignment interest, cash payments (fees, coupons, etc.).	C	N/A
Backdated Profit and Loss	The P&L attributed to positions added that were novated on a prior date.	C	N/A
Day Trading Profit and Loss	The P&L attributed to the day's trades.	C	N/A
Position Profit and Loss	The P&L of the previous day's position with today's price movement.	C	N/A
Total Profit and Loss	Unrealized P&L or mark to market value of position(s) including change in mark to market (Total P&L = Position P&L + Day Trading P&L + Backdated P&L).	M	N/A

CREDIT DEFAULT SWAPS (DAILY CASH FLOW REPORTING)			
Field Name	**Description**	**House & Customer Origin**	**Individual Customer Account**
Additional Margin	Any additional margin required in excess of initial margin. For example, this figure should include any liquidity/concentration charge if the charge is not included in the initial margin.	M	N/A
Concentration Risk	Risk factor component to capture costs associated with the liquidation of a large position.	C	C
Initial Margin	Margin requirement calculated by the DCO's margin methodology. Unless an integral part of the margin methodology, this figure should not include any additional margin add-ons.	M	M
Liquidity Risk	Risk component to capture bid/offer costs associated with the liquidation of a large portfolio.	C	C
Margin Calls	Any outstanding margin call that has been issued but not collected as of the end of the trade date.	M	N/A
Total Margin	The total margin requirement for the origin. This margin requirement should include the initial margin requirement plus any additional margin required by the DCO.	M	C
Variation Margin	Variation margin should include the net sum of all cash flows between the DCO and clearing members by origin.	M	N/A
Spread Response Risk	Risk factor component associated with credit spread level changes and credit term structure shape changes.	C	C
Systemic Risk	Risk factor component to capture parallel shift of credit spreads.	C	C
Curve Risk	Risk factor that captures curve shifts based on portfolio.	C	C
Index Spread Risk	Risk factor component associated with risks due to widening/tightening spreads of credit default swap (CDS) indices relative to each other.	C	C
Sector Risk	Risk factor component to capture sector risk.	C	C
Jump to Default Risk	Risk factor component to capture most extreme up/down move of a reference entity.	C	C
Basis Risk	Risk factor component to capture basis risk between index and index constituent reference entities.	C	C

Field Name	Description	House & Customer Origin	Individual Customer Account
Interest Rate Risk	Risk factor component associated with parallel shift movements in interest rates.	C	C
Jump to Health Risk	Risk factor component to capture extreme narrowing of credit spreads of a reference entity; also known as "idiosyncratic risk."	C	C
Other Risk	Any other risk factors included in the margin model.	C	C
Recovery Rate Sensitivity Risk	Risk factor component to capture fluctuations of recovery rate assumptions	C	C
Wrong Way Risk	Risk that occurs when exposure to a counterparty is adversely correlated with the credit quality of that counterparty. It arises when default risk and credit exposure increase together.	C	C
Collateral on Deposit	The collateral on deposit for an origin. This amount should include all collateral after all haircuts that have been deposited to cover the total margin requirement.	M	N/A
Option Premium	Premium registered on the given trading date. The amount of money that the options buyer must pay the options seller.	C	N/A
Initial Coupon	Amount of coupon premium amount accrued from the start of the current coupon period through the trade date. (Indicate gross pay/collect amounts.)	O	N/A
Upfront Payment	The difference in market value between the standard coupon and the market spread as well as the coupon accrued through the trade date. (Indicate gross pay/collect amounts.)	O	N/A
Trade Cash Adjustment	Additional cash amount on trades. (Indicate gross pay/collect amounts.)	C	N/A
Quarterly Coupon	Regular payment of quarterly coupon premium amounts. (Indicate gross pay/collect amounts.)	O	N/A
Credit Event Payments	Cash settlement of credit events. (Indicate gross pay/collect amounts.)	C	N/A
Accrued Coupon	Coupon obligation from the first day of the coupon period through the current clearing trade date. The sum of accrued coupon for each position in the clearing member's portfolio (by origin).	M	N/A
Final Mark to Market	Determined by marking the end-of-day position from par (100%) to the end-of-day settlement price.	M	N/A
Backdated Profit and Loss	The P&L attributed to positions added that were novated on a prior date.	C	N/A
Day Trading Profit and Loss	The P&L attributed to the day's trades.	C	N/A
Position Profit and Loss	The P&L of the previous day's position with today's price movement.	C	N/A
Total Profit and Loss	Unrealized P&L or mark-to-market value of position(s) including change in mark to market (Total P&L = Position P&L + Day Trading P&L + Backdated P&L).	M	N/A
Previous Accrued Coupon	Previous day's accrued coupon.	M	N/A
Previous Mark to Market	Previous day's mark to market.	M	N/A
Price Alignment Interest	To minimize the impact of daily cash variation margin payments on the pricing of swaps, the DCO will charge interest on cumulative variation margin received and pay interest on cumulative variation margin paid with respect to CDS.	M	N/A

FOREIGN EXCHANGE (DAILY CASH FLOW REPORTING)			
Field Name	**Description**	**House & Customer Origin**	**Individual Customer Account**
Additional Margin	Any additional margin required in excess of initial margin. For example, this figure should include any	M	N/A

Field Name	Description	House & Customer Origin	Individual Customer Account
	liquidity/concentration charge if the charge is not included in the initial margin.		
Initial Margin	Margin requirement calculated by the DCO's margin methodology. Unless an integral part of the margin methodology, this figure should not include any additional margin add-ons.	M	M
Margin Calls	Any outstanding margin call that has been issued but not collected as of the end of the trade date.	M	N/A
Total Margin	The total margin requirement for the origin. This margin requirement should include the initial margin requirement plus any additional margin required by the DCO.	M	M
Variation Margin	Variation margin should include the net sum of all cash flows between the DCO and clearing members by origin.	M	N/A
Collateral on Deposit	The collateral on deposit for an origin. This amount should include all collateral after all haircuts that have been deposited to cover the total margin requirement.	M	N/A
Other Payments	Includes any upfront and/or final/settlement payments made/received for the trade date. (Indicate gross pay/collect amounts.)	M	N/A
Option Premium	Premium registered on the given trading date. The amount of money that the options buyer must pay the options seller.	C	N/A
Price Alignment Interest	To minimize the impact of daily cash variation margin payments on the pricing of swaps, the DCO will charge interest on cumulative variation margin received and pay interest on cumulative variation margin paid with respect to FX.	M	N/A
Backdated Profit and Loss	The P&L attributed to positions added that were novated on a prior date.	C	N/A
Day Trading Profit and Loss	The P&L attributed to the day's trades.	C	N/A
Position Profit and Loss	The P&L of the previous day's position with today's price movement.	C	N/A
Total Profit and Loss	Unrealized P&L or mark-to-market value of position(s) including change in mark to market (Total P&L = Position P&L + Day Trading P&L + Backdated P&L).	M	N/A

INTEREST RATE SWAPS (DAILY CASH FLOW REPORTING)			
Field Name	Description	House & Customer Origin	Individual Customer Account
Additional Margin	Any additional margin required in excess of initial margin. For example, this figure should include any liquidity/concentration charge if the charge is not included in the initial margin.	M	N/A
Initial Margin	Margin requirement calculated by the DCO's margin methodology. Unless an integral part of the margin methodology, this figure should not include any additional margin add-ons resulting from liquidity/concentration charges.	M	M
Margin Calls	Any outstanding margin call that has been issued but not collected as of the end of the trade date.	M	N/A
Total Margin	The total margin requirement for the origin. This margin requirement should include the initial margin requirement plus any additional margin required by the DCO.	M	M

Variation Margin	Variation margin should include the net sum of all cash flows between the DCO and clearing members by origin.	M	N/A
Cross-Margined Products Profit/Loss	P&L resulting from changes in value due to changes in the futures price. This P&L should only include changes to the cross-margined futures in the account.	C	N/A
Option Premium	Premium registered on the given trading date. The amount of money that the options buyer must pay the options seller.	C	N/A
Collateral on Deposit	The collateral on deposit for an origin. This amount should include all collateral after all haircuts that have been deposited to cover the total margin requirement.	M	N/A
Other Payments	Includes any upfront and/or final/settlement payments made/received for the trade date. (Indicate gross pay/collect amounts.)	C	N/A
Net Coupon Payment	Net amount of any coupon cash flows recognized on report date but actually occurring on currency's settlement convention date. (Indicate gross pay/collect amounts.)	M	N/A
Net Present Value	Net present value (NPV) of all positions by currency.	M	N/A
Net Present Value Previous	Previous day's NPV by currency.	M	N/A
PV of Other Payments	Includes the present value of any upfront and/or final/settlement payments that will be settled after the report date. Only include amounts that are affecting the NPV of current trades.	M	N/A
Price Alignment Interest	To minimize the impact of daily cash variation margin payments on the pricing of swaps, the DCO will charge interest on cumulative variation margin received and pay interest on cumulative variation margin paid with respect to IRS by currency.	M	N/A
Accrued Coupon	Coupon obligation from the first day of the coupon period through the current clearing trade date. The sum of accrued coupon for each position in the clearing member's portfolio (by origin).	M	N/A
Backdated Profit and Loss	The P&L attributed to positions added that were novated on a prior date.	C	N/A
Day Trading Profit and Loss	The P&L attributed to the day's trades.	C	N/A
Position Profit and Loss	The P&L of the previous day's position with today's price movement.	C	N/A
Total Profit and Loss	Unrealized P&L or mark-to-market value of position(s) including change in mark to market (Total P&L = Position P&L + Day Trading P&L + Backdated P&L).	M	N/A

EQUITY CROSS MARGIN (DAILY CASH FLOW REPORTING)			
Field Name	**Description**	**House & Customer Origin**	**Individual Customer Account**
Additional Margin	Any additional margin required in excess of initial margin. For example, this figure should include any liquidity/concentration charge if the charge is not included in the initial margin.	M	N/A
Initial Margin	This equity margin requirement will include the initial margin requirement without any additional margin required by the DCO.	M	M

Liquidity Risk	Risk component to capture bid/offer costs associated with the liquidation of a large portfolio.	C	C
Margin Calls	Any outstanding margin call that has been issued but not collected as of the end of the trade date.	M	N/A
Total Margin	The total margin requirement for the origin. This margin requirement should include the initial margin requirement plus any additional margin required by the DCO.	M	N/A
Variation Margin	Variation margin should include the net sum of all cash flows between the DCO and clearing members by origin.	M	N/A
Collateral on Deposit	The collateral on deposit for an origin. This amount should include all collateral after all haircuts that have been deposited to cover the total margin requirement.	M	N/A
Option Premium	Premium registered on the given trading date. The amount of money that the options buyer must pay the options seller.	C	N/A
Net Option Value	The credit or debit amount based on the long or short options positions.	C	C
Backdated Profit and Loss	The P&L attributed to positions added that were novated on a prior date.	C	N/A
Day Trading Profit and Loss	The P&L attributed to the day's trades.	C	N/A
Position Profit and Loss	The P&L of the previous day's position with today's price movement.	C	N/A
Total Profit and Loss	Unrealized P&L or mark to market value of position(s) including change in mark to market (Total P&L = Position P&L + Day Trading P&L + Backdated P&L).	M	N/A

CONSOLIDATED (DAILY CASH FLOW REPORTING)			
Field Name	**Description**	**House & Customer Origin**	**Individual Customer Account**
Additional Margin	Any additional margin required in excess of initial margin. For example, this figure should include any liquidity/concentration charge if the charge is not included in the initial margin.	M	N/A
Initial Margin	Margin requirement calculated by the DCO's margin methodology. Unless an integral part of the margin methodology, this figure should not include any additional margin add-ons.	M	N/A
Margin Calls	Any outstanding margin call that has been issued but not collected as of the end of the trade date.	M	N/A
Total Margin	The consolidated non-U.S. margin requirement for the origin. The consolidated non-U.S. margin requirement should include the initial margin requirement plus any additional margin required by the DCO.	M	N/A
Variation Margin	Variation margin should include the net sum of all cash flows between the DCO and clearing members by origin.	M	N/A
Collateral on Deposit	The collateral on deposit for an origin. This amount should include all collateral after all haircuts that have been deposited to cover the total margin requirement.	M	N/A
Option Premium	Premium registered on the given trading date. The amount of money that the options buyer must pay the options seller.	C	N/A

Backdated Profit and Loss	The P&L attributed to positions added that were novated on a prior date.	C	N/A
Day Trading Profit and Loss	The P&L attributed to the day's trades.	C	N/A
Position Profit and Loss	The P&L of the previous day's position with today's price movement.	C	N/A
Total Profit and Loss	Unrealized P&L or mark-to-market value of position(s) including change in mark to market (Total P&L = Position P&L + Day Trading P&L + Backdated P&L).	M	N/A

EXEMPT DCO (DAILY CASH FLOW REPORTING)			
Field Name	**Description**	**House & Customer Origin**	**Individual Customer Account**
Additional Margin	Any additional margin required in excess of initial margin. For example, this figure should include any liquidity/concentration charge if the charge is not included in the initial margin.	M	N/A
Initial Margin	This U.S. person margin requirement should include the initial margin requirement without any additional margin required by the DCO.	M	N/A
Margin Calls	Any outstanding margin call that has been issued but not collected as of the end of the trade date.	M	N/A
Total Margin	The U.S. person margin requirement for the origin by currency contribution. If the traded currency's swaps (i.e., JY) offset risk of other currencies, include an amount of zero for that currency. This margin requirement should include the initial margin requirement plus any additional margin required by the DCO.	M	N/A
Variation Margin	Variation margin should include the net sum of all cash flows between the DCO and clearing members by origin.	M	N/A
Collateral on Deposit	The collateral on deposit for an origin. This amount should include all collateral after all haircuts that have been deposited to cover the total margin requirement.	M	N/A
Mark-to-Market	Determined by marking the end of day position(s) from par (100%) to the end of day settlement price.	M	N/A

B.   Daily Position Reporting
        M = mandatory C = conditional O = optional

COMMON FIELDS (DAILY POSITION REPORTING)		
Field Name	**Description**	**Use**
Total Message Count	The total number of reports included in the file.	M
FIXML Message Type	FIXML account summary report type.	M
Sender ID	The CFTC-issued DCO identifier.	M
To ID	Indicate "CFTC".	M
Message Transmit Datetime	The date and time the file is transmitted.	M

Report ID	A unique identifier assigned by the CFTC to each clearing member report.	M
Report Date	The business date of the information being reported.	M
Base Currency	Base currency referenced throughout report; provide exchange rate against this currency.	M
Report Time (Message Create Time)	The report "as of" or information cut-off time.	M
Message Event	The event source being reported.	M
Market Segment ID	Market segment associated with the position report.	M
DCO Identifier	CFTC-assigned identifier for a DCO.	M
Clearing Participant Identifier	DCO-assigned identifier for a particular clearing member.	M
Clearing Participant Name	The name of the clearing member.	M
Fund Segregation Type	Clearing fund segregation type.	M
Clearing Participant LEI	LEI for a particular clearing member.	C
Clearing Participant LEI Name	The LEI name associated with the clearing member LEI.	C
Customer Position Identifier	Proprietary identifier for a particular customer position account. If the position is non-disclosed, then indicate "NONDISCLOSED". If the position is not in balance at end-of-day through member underreporting positions, then indicate "BALANCE ACCOUNT". If the position is adjusted post end-of-day, then indicate "POSITIONDIFFERENCE".	C
Customer Position Name	The name associated with the customer position identifier.	M
Customer Position Account Type	Type of account used for reporting.	C
Customer Margin Omnibus Parent	The margin identifier for the omnibus account associated with the customer margin identifier. (Conditional on reported customer position being part of a separately reported omnibus account position.)	C
Customer Position LEI	LEI for a particular customer; must be provided when available.	C
Customer Position LEI Name	The LEI name associated with the Customer Position LEI.	C
Customer Margin Identifier	Proprietary identifier for a particular customer. If the position is non-disclosed, then indicate "NONDISCLOSED MARGIN". If the position is not in balance at end-of-day through member underreporting or overreporting positions, then indicate "EXCESS MARGIN". If the position is adjusted post end-of-day, then indicate "POSITIONDIFFERENCE".	C
Customer Margin Name	The name associated with the customer margin identifier. If the position is non-disclosed, then indicate "NON-DISCLOSED MARGIN".	C
File number and count	Each FIXML file should indicate its sequence (e.g., "file 1 of 10").	M

FUTURES AND OPTIONS (DAILY POSITION REPORTING)		
Field Name	**Description**	**Use**
Settlement Price/Currency	Settlement price, prior settlement price, settlement currency, and final settlement date.	M

Market Segment Identifier	Indicator that allows for validation of the futures and options fields.	M
Cross-Margin Entity	Name of the entity associated with a cross-margined account.	C
Exchange Commodity Code	Contract commodity code issued by the exchange; e.g., ticker symbol, the human recognizable trading identifier.	M
Clearing Commodity Code	Registered commodity clearing identifier. The code is for the contract as if it was traded in the form it is cleared. For example, if the contract was traded as a spread but cleared as an outright, the outright symbol should be used.	M
Product Type	Indicates the type of product with which the security is associated.	C
Security Type	Indicates type of security.	M
Maturity Month Year	Month and year of the maturity (used for standardized futures and options).	M
Maturity Date	The date on which the principal amount becomes due. For non-deliverable forwards (NDFs), this represents the fixing date of the contract.	C
Asset Class	The broad asset category for assessing risk exposure.	M
Asset Subclass	The subcategory description of the asset class.	C
Asset Type	Provides a more specific description of the asset subclass.	C
Asset Subtype	Provides a more specific description of the asset type.	C
Security Group (Sector)	A name assigned to a group of related instruments which may be concurrently affected by market events and actions.	C
Unit Leverage Factor	The multiplier needed to convert a change of one point of the quoted index into local currency P&L for a 1-unit long position.	C
Units	Unit of measure.	M
Settlement Method	Method of settlement.	C
Exchange Identifier (MIC)	Exchange where the instrument is traded.	M
Security Description	Used to provide a textual description of a financial instrument.	M
Unique Product Identifier	A single field that uniquely identifies a given product. All positions with this identifier will have the same price.	M
Alternate Product Identifier- Spread Underlying Long	When a contract represents a differential between two products, the product code that represents the long position in the spread for long position in the combined contract.	C
Alternate Product Identifier - Spread Underlying Short	When a contract represents a differential between two products, the product code that represents the long position in the spread for short position in the combined contract.	C
Last Trading Date	The last day of trading in a futures contract. The format is YYYY-MM-DD, where YYYY is the year, MM is the month, and DD is the day of the month.	M
First Notice Date	The first date on which delivery notices are issued.	C
Position (Long)	Long position size. If a position is quoted in a unit of measure (UOM) different from the contract, specify the UOM. If a position is measured in a currency, specify the currency.	M
Position (Short)	Short position size. If a position is quoted in a UOM different from the contract, specify the UOM. If a position is measured in a currency, specify the currency.	M
Settlement FX Info	Settlement price foreign exchange conversion rate.	M

Change in Settlement Price	The quoted price change between the prior trading day's settlement and today's settlement.	M
Unit Currency P&L	The local currency P&L between the prior trading day's settlement and today's settlement for a 1-unit long position.	M
Outright Initial Margin	Initial margin for the position as if it were a stand-alone outright.	C
Option Exercise Style	Exercise style.	C
Option Strike Price	Option strike price.	C
Option Put/Call Indicator	Option type.	C
Underlying Settlement Price/Currency	Settlement price, prior settlement price, settlement currency, and final settlement date.	C
Underlying Exchange Commodity Code	Common representation of the security.	C
Underlying Clearing Commodity Code	Registered commodity clearing identifier. The code is for the contract as if it was traded in the form it is cleared. For example, if the contract was traded as a spread but cleared as an outright, the outright symbol should be used.	C
Underlying Product Type	Indicates the type of product with which the security is associated.	C
Underlying Security Type	Indicates type of security. Underlying instrument is required for Security Type = OOF, OOC, or OPT. Use Security Type = MLEG for combo contracts.	C
Underlying Security Group (Sector)	A name assigned to a group of related instruments which may be concurrently affected by market events and actions.	C
Underlying Maturity Month Year	Maturity month and year (used for standardized futures and options).	C
Underlying Maturity Date	The date on which the principal amount becomes due.	C
Underlying Asset Class	The broad asset category for assessing risk exposure.	C
Underlying Asset Subclass	The subcategory description of the asset class.	C
Underlying Asset Type	Provides a more specific description of the asset subclass.	C
Underlying Asset Subtypes	Provides a more specific description of the asset type.	C
Underlying Exchange Code (MIC)	Exchange where the underlying instrument is traded.	C
Underlying Security Description	Textual description of a financial instrument.	C
Unique Underlying Product Code	A single field that is the result of concatenating relevant fields that create a unique product ID that is associated with a unique price.	C
Primary Options Exchange Code - Implied Volatility Quote	This field identifies the main options chain for the future that provides the implied volatility quote.	C
DELTA	Delta is the measure of how the option's value varies with changes in the underlying price.	C
Implied Volatility	The implied volatility and quotation style for the contract, typically in natural log percent or index points.	C

COMMODITY SWAPS (DAILY POSITION REPORTING)		
Field Name	**Description**	**Use**
Settlement Price/Currency	Settlement price, prior settlement price, settlement currency, and final settlement date.	M
Market Segment Identifier	Indicator that allows for validation of the commodity swap fields.	M

Exchange Commodity Code	Contract commodity code issued by the exchange; e.g., ticker symbol, the human recognizable trading identifier.	M
Clearing Commodity Code	Registered commodity clearing identifier. The code is for the contract as if it was traded in the form it is cleared. For example, if the contract was traded as a spread but cleared as an outright, the outright symbol should be used.	M
Product Type	Indicates the type of product with which the security is associated.	C
Security Group (Sector)	A name assigned to a group of related instruments which may be concurrently affected by market events and actions.	C
Universal Product Identifier	Uniquely identifies the product of a security using ISO 4914 standard, Unique Product Identifier.	O
Maturity Month Year	Month and year of the maturity (used for standardized futures and options).	M
Maturity Date	The date on which the principal amount becomes due. For NDFs, this represents the fixing date of the contract.	C
Asset Class	The broad asset category for assessing risk exposure.	M
Asset Subclass	The subcategory description of the asset class.	C
Asset Type	Provides a more specific description of the asset subclass.	C
Unit Leverage Factor	The multiplier needed to convert a change of one point of the quoted index into local currency P&L for a 1-unit long position.	C
Minimum Tick	Minimum price tick increment.	C
Units	Unit of measure.	M
Settlement Method	Swap settlement method.	C
Exchange Identifier (MIC)	Exchange where the instrument is traded.	M
Security Description	Used to provide a textual description of a financial instrument.	C
Position (Long)	Long position size. If a position is quoted in a UOM different from the contract, specify the UOM. If a position is measured in a currency, specify the currency.	M
Position (Short)	Short position size. If a position is quoted in a UOM different from the contract, specify the UOM. If a position is measured in a currency, specify the currency.	M
Net Cash Flow	Net cash flow recognized on report date (with actual settlements occurring according to the currency's settlement conventions). E.g., profit/loss, price alignment interest, cash payments (fees, coupons, etc.).	C
Settlement FX Info	Settlement price foreign exchange conversion rate.	M
Universal Swap Identifier	Universal Swap Identifier (USI) namespace and USI. The USI namespace and the USI separated by a pipe "|" character should be entered.	M
Option Exercise Style	Exercise style.	C
Option Put/Call Indicator	Option type.	M
Option Strike Price	Option strike price.	M
Underlying Settlement Price/Currency	Settlement price, prior settlement price, settlement currency, and final settlement date.	M
Underlying Exchange	Common representation of the security.	C

Commodity Code		
Underlying Clearing Commodity Code	Registered commodity clearing identifier. The code is for the contract as if it was traded in the form it is cleared. For example, if the contract was traded as a spread but cleared as an outright, the outright symbol should be used.	M
Underlying Product Type	Indicates the type of product with which the security is associated.	C
Underlying Security Group (Sector)	A name assigned to a group of related instruments which may be concurrently affected by market events and actions.	C
Underlying Maturity Month Year	Maturity month and year (used for standardized futures and options).	M
Underlying Maturity Date	The date on which the principal amount becomes due. For NDFs, this represents the fixing date of the contract.	C
Underlying Asset Class	The broad asset category for assessing risk exposure.	M
Underlying Asset Subclass	The subcategory description of the asset class.	C
Underlying Asset Type	Provides a more specific description of the asset subclass.	C
Underlying Exchange Code (MIC)	Exchange where the instrument is traded.	M
Underlying Security Description	Textual description of a financial instrument.	C
DELTA	(Options only) Delta is the measure of how the option's value varies with changes in the underlying price.	C

CREDIT DEFAULT SWAPS (DAILY POSITION REPORTING)		
Field Name	**Description**	**Use**
Settlement Price/Currency	Settlement price, prior settlement price, settlement currency, and final settlement date.	M
Market Segment Identifier	Indicator which allows for validation of the CDS fields.	M
Exchange Security Identifier	Contract code issued by the exchange. (Underlying instrument is required for Security Type @SecTyp = SWAPTION.)	O
Clearing Security Identifier (Red Code)	The code assigned to the CDS by Markit that identifies the referenced entity or the index, series and version. (Underlying instrument is required for Security Type = SWAPTION.)	M
Universal Product Identifier	Uniquely identifies the product of a security using ISO 4914 standard, Unique Product Identifier.	O
Security Type	Indicator which identifies the derivative type.	M
Restructuring Type	This field is used if the index has been restructured due to a credit event.	M
Seniority Type	The class of debt.	M
Maturity Date	The date on which the principal amount becomes due.	C
Asset Class	The broad asset category for assessing risk exposure.	M
Asset Subclass	The subcategory description of the asset class.	C

Asset Type	Provides a more specific description of the asset subclass.	C
Reference Entity Type (Sector)	Specifies the type of reference entity for first-to-default CDS basket contracts. The Markit sector code should be provided when available.	M
Coupon Rate	The coupon rate associated with this CDS transaction stated in Basis Points.	M
Security Description (Reference Entity)	Name of CDS index or single-name or sovereign debt.	M
Recovery Factor	The assumed recovery rate used to determine the CDS price.	O
Position (Long)	Long position size. If a position is quoted in a UOM different from the contract, specify the UOM. If a position is measured in a currency, specify the currency.	M
Position (Short)	Short position size. If a position is quoted in a UOM different from the contract, specify the UOM. If a position is measured in a currency, specify the currency.	M
5 YR Equivalent Notional	The five-year equivalent notional amount for each risk factor/reference entity CDS contract.	M
Accrued Coupon	Coupon obligation from the first day of the coupon period through the current clearing trade date.	M
Profit and Loss	Unrealized P&L or mark to market value of position(s) including change in mark to market plus change in accrued coupon plus change in unsettled upfront fees. Does not include cash flows related to quarterly coupon payments, credit event payments, or price alignment interest.	M
Credit Exposure (CS01)	The credit exposure of the swap at a given point in time. CS01 = Spread DV01 = "dollar" value of a basis point = In currency (not percentage) terms, the change in fair value of the leg, transaction, position, or portfolio (as appropriate) commensurate with a 1 basis point (0.01 percent) instantaneous, hypothetical increase in the related credit spread curves. CS01/Spread DV01 may refer to non-dollar currencies and related curves. From the DCO's point of view: positive CS01 = gain in value resulting from 1 basis point increase, negative CS01 = loss of value resulting from 1 basis point increase.	O
Mark to Market	Determined by marking the end of day position(s) from par (100%) to the end of day settlement price.	M
Price Value of a Basis Point (PV01)	Change in P&L of a position given a one basis point move in CDS spread value. May also be referred to as DV01, Sprd DV01.	M
Previous Accrued Coupon	Previous day's accrued coupon.	M
Previous Mark to Market	Previous day's mark to market.	M
Universal Swap Identifier	Universal Swap Identifier (USI) namespace and USI. The USI namespace and the USI should be separated by a pipe "|" character.	O
Option Strike Price	Option strike price.	C
Settlement Method	Method of settlement.	C
Option Exercise Style	Exercise style.	C
Option Put/Call	Option type.	C
Option Type	Specifies the CDS option type.	C
Option Start Date	The CDS option adjusted start date.	C
Option Expiration Date - Adjusted	The CDS option adjusted expiration date.	C

Underlying Exchange Security Identifier	The underlying contract alias used by outside vendors to uniquely identify the contract.	O
Underlying Clearing Security Identifier (Red Code)	The underlying code assigned to the CDS by Markit that identifies the referenced entity or the index, series and version.	C
Underlying Universal Product Identifier	Uniquely identifies the product of a security using ISO 4914 standard, Unique Product Identifier.	O
Underlying Security Type	Indicator which identifies the underlying derivative type.	C
Underlying Restructuring Type	This field is used if the underlying index has been restructured due to a credit event.	C
Underlying Seniority Type	The underlying class of debt.	C
Underlying Maturity Date	The date on which the principal amount becomes due.	C
Underlying Asset Class	The underlying broad asset category for assessing risk exposure.	C
Underlying Asset Subclass	The subcategory description of the asset class.	C
Underlying Asset Type	Provides a more specific description of the asset subclass.	C
Underlying Reference Entity Type (Sector)	Specifies the type of underlying reference entity for first-to-default CDS basket contracts.	C
Underlying Coupon Rate	The underlying coupon rate associated with this CDS transaction stated in basis points.	C
Underlying Security Description (Reference Entity)	Name of underlying CDS index or single-name or sovereign debt.	C
Underlying Recovery Factor	The assumed recovery rate used to determine the underlying CDS price.	O
DELTA	Delta is the measure of how the swaption's value varies with changes in the underlying price.	C
GAMMA	Gamma is the rate of change for delta with respect to the underlying asset's price.	O
RHO	Rho measures the sensitivity of an option's price to a variation in the risk-free interest rate.	O
THETA	Theta is the rate at which an option loses value as time passes.	O
VEGA	Vega is the measurement of an option's sensitivity to changes in the volatility of the underlying asset.	O
Option Premium/Date	Amount of swaption	C

FOREIGN EXCHANGE (DAILY POSITION REPORTING)		
Field Name	**Description**	**Use**
Settle Date	Settle date of the position.	M
Settlement Price/Fixing Currency	Settlement price of the position. (Underlying settlement is required for FXOPT, FXNDO.)	M
Discount Factor	Discount factor for the position. Use the factor for the MTM currency. (Required for FXFWD, FXNDF, FXNDO, FXOPT, FXSWAP.)	M
Valuation Date	Valuation date of the position. (Required for FXFWD, FXNDF, FXNDO, FXOPT, FXSWAP.)	M
Delivery Date	Delivery date of the position.	M
Market Segment Identifier	Indicator that allows for validation of the FX fields.	M

Clearing Security Identifier	Code assigned by the DCO for a particular contract.	M
Universal Product Identifier	Uniquely identifies the product of a security using ISO 4914 standard, Unique Product Identifier.	O
Security Type	Registered commodity clearing identifier. (Underlying instrument is required for Security Type = FXOPT | FXNDO.)	M
Maturity Month Year	Month and year of the maturity. (Used for FXFWD/FXNDF.)	C
Maturity Date (Expiration)	Specifies date of maturity (a calendar date). Used for FXFWD/FXNDF. For NDFs, this represents the fixing date of the contract.	C
Maturity Time (Expiration)	The contract expiration time. (Used for FXFWD/FXNDF.)	C
Asset Class	The broad asset category for assessing risk exposure.	M
Asset Subclass	The subcategory description of the asset class.	C
Asset Type	Provides a more specific description of the asset subclass.	C
Valuation Method	Specifies the type of valuation method applied.	C
Security Description	Used to provide a textual description of a financial instrument.	C
Foreign Exchange Type	Identifies the type of FX contract. Use Typ=7 for direct FX (e.g., EUR/USD). Use Typ=16 for NDFWD contracts (e.g., THB/INR settled in USD).	M
Currency One	Specifies the first or only reference currency of the trade.	M
Currency Two	Specifies the second reference currency of the trade.	M
Quote Basis	For foreign exchange quanto option feature.	M
Fixed Rate	(FXFWD or FXNDF only) Specifies the forward FX rate alternative.	C
Spot Rate	Specifies the FX spot rates the first or only reference currency of the trade.	C
Forward Points	(FXFWD or FXNDF only) The interest rate differential in basis points between the base and quote currencies in a forward rate quote. May be a negative value. (The number of basis points added to or subtracted from the current spot rate of a currency pair to determine the forward rate for delivery on a specific value date.)	C
Delivery Type Indicator	Delivery type indicator.	M
Position - Long	Gross long position. An affirmative zero value should be reported for the long position. (Both long and short positions are required.) For FXNDF use Typ = DLV for settlement currency.	M
Position - Short	Gross short position. An affirmative zero value should be reported for the short position. (Both long and short positions are required.) For FXNDF use Typ = DLV for settlement currency.	M
Final Mark to Market	Mark to market which includes the discount factor.	M
Dollar Value of a Basis Point (DV01) - Long Currency	The dollar value of a one basis point change (DV01) in the yield of the underlying security and that of the hedging vehicle.	M
Dollar Value of a Basis Point (DV01) - Short Currency	The dollar value of a one basis point change (DV01) in the yield of the underlying security and that of the hedging vehicle.	M

Net Cash Flow	Net cash flow recognized on report date (with actual settlements occurring according to the currency's settlement conventions). E.g., profit/loss, price alignment interest, cash payments (fees, coupons, etc.).	M
Undiscounted Mark to Market	Mark to market, which does not include the discount factor.	M
Price Alignment Interest	To minimize the impact of daily cash variation margin payments on the pricing of swaps, the DCO will charge interest on cumulative variation margin received and pay interest on cumulative variation margin paid with respect to FX.	M
Universal Swap Identifier	Universal Swap Identifier (USI) namespace and USI. The USI namespace and the USI should be separated by a pipe "|" character.	M
Option Put/Call	Option type.	C
Strike Rate	Option strike rate.	C
Option Exercise Style	Exercise style.	C
Option Cut Name	The code by which the expiry time is known in the market.	C
Underlying Settlement Price/Fixing Currency	Settlement price for the position. (Underlying settlement is required for FXOPT, FXNDO.)	C
Underlying Exchange Security Code	Security code issued by the exchange; e.g., ticker symbol, the human recognizable trading identifier.	C
Underlying Clearing Security Identifier	Product underlying the FX option. For OTC options: Exch=NO MARKET	C
Underlying Universal Product Identifier	Uniquely identifies the product of a security using ISO 4914 standard, Unique Product Identifier.	O
Underlying Security Type	Registered commodity clearing identifier. (Underlying instrument is required for @SecTyp = FXOPT | FXNDO.)	C
Underlying Maturity Month Year	Month and Year of the maturity. (Used for FXFWD/FXNDF.)	C
Underlying Maturity Date (Expiration)	For FXFWD/FXNDF, the date on which the principal amount becomes due. For NDFs, this represents the fixing date of the contract.	C
Underlying Exchange Identifier (MIC)	Exchange where the instrument is traded.	C
Underlying Security Description	Textual description of a financial instrument.	C
Option Long/Short Indicator	Indicates whether the option is short or long.	C
Option Expiration	Adjusted option expiration date.	C
Delivery Type Indicator	Delivery type indicator.	M
Notional Long/Short	FX currency notional long or short.	M
Implied Volatility	Implied volatility.	C
DELTA	Delta is the measure of how the swaption's value varies with changes in the underlying price.	C
GAMMA	Gamma is the rate of change for delta with respect to the underlying asset's price.	O
RHO	Rho measures the sensitivity of an option's price to a variation in the risk-free interest rate.	O
THETA	Theta is the rate at which an option loses value as time passes.	O
VEGA	Vega is the measurement of an option's sensitivity to changes in the volatility of the underlying asset.	O
Option Premium MTM	Premium mark to market, which includes the discount factor.	C

INTEREST RATE SWAPS (DAILY POSITION REPORTING)		
Field Name	**Description**	**Use**
Cleared Date	Date on which the trade was cleared at the DCO.	M
Position Status	Position's status: If cleared and active, then indicate "ACTIVE" Clrd = 1, TrmtdInd = N If cleared and inactive, then indicate "TERMINATED" Clrd = 1, TrmtdInd = Y Terminated positions should only be reported on the day of termination.	M
Position Market Segment	Indicator which allows for validation of the IRS fields.	M
DCO Pays Indicator	Indicate which cash flow the DCO pays.	M
DCO Receives Indicator	Indicate which cash flow the DCO receives.	M
Clearing Participant Pays Indicator	Indicate which cash flow the clearing member pays.	M
Clearing Participant Receives Indicator	Indicate which cash flow the clearing member receives.	M
Clearing Security Identifier	Code assigned by the DCO for a particular contract.	M
Universal Product Identifier	Uniquely identifies the product of a security using ISO 4914 standard, Unique Product Identifier.	O
Security Type	Registered commodity clearing identifier.	M
Asset Class	The broad asset category for assessing risk exposure.	M
Asset Subclass	The subcategory description of the asset class.	C
Asset Type	Provides a more specific description of the asset subclass.	C
Swap Class	The classification or type of swap.	M
Swap Subclass	The sub-classification or notional schedule type of the swap.	C
Security Description	Used to provide a textual description of a financial instrument.	M
Leg Type	Identifies if the leg is fixed or floating.	M
Leg Notional	Notional amount associated with leg.	M
Leg Notional Currency	Currency of leg's notional amount.	M
Leg Start Date Adj Bus Day Conv	If start date falls on a weekend or holiday, value defines how to adjust actual start date.	C
Leg Start Date	Leg's effective date.	M
Leg Maturity Date Adj Bus Day Conv	If the maturity date falls on a weekend or holiday, value defines how to adjust actual maturity date.	C
Leg Maturity Date	The date on which the leg's principal amount becomes due.	M
Leg Maturity Date Adj Calendar	Regarding the maturity date, this specifies which dates are considered holidays.	C
Leg Calc Per Adj Bus Day Conv	If a date defining the calculation period falls on a holiday, this adjusts the actual dates based on the definition of the input.	C
Leg Calc Frequency	Calculation frequency, also known as the compounding frequency for compounded swaps.	M

Leg First Reg Per Start Date	If there is a beginning stub, this indicates the date when the usual payment periods will begin.	C
Leg Last Reg Per End Date	If there is an ending stub, this indicates the date when the usual payment periods will end.	C
Leg Roll Conv	Indicates the day of the month when the payment is made.	C
Leg Calc Per Adj Calendar	Regarding the calculation period, this specifies which dates are considered holidays.	C
Leg Daycount	Defines how interest is accrued/calculated.	C
Leg Comp Method	If payments are made on one timeframe but calculations are made on a shorter timeframe, this describes how to compound interest.	C
Leg Pay Adj Bus Day Conv	If cash flow pay or receive date falls on a weekend or holiday, value defines actual date payment is made.	C
Leg Pay Frequency	Frequency at which payments are made.	M
Leg Pay Relative To	Payment relative to the beginning or end of the period.	C
Leg Payment Lag	Number of business days after payment due date on which the payment is actually made.	C
Leg Pay Adj Calendar	Regarding dates on which cash flow payments/receipts are scheduled, this specifies which dates are considered holidays.	C
Leg Reset Relative To	Specifies whether reset dates are determined with respect to each adjusted calculation period start date or adjusted calculation period end date.	C
Leg Reset Date Adj Bus Day Conv	Business day convention to apply to each reset date if the reset date falls on a holiday.	C
Leg Reset Frequency	Frequency at which resets occur. If the Leg Reset Frequency is greater than the calculation per frequency, more than 1 reset date should be established for each calculation per frequency and some form of rate averaging is applicable.	C
Leg Fixing Relative To	Specifies the anchor date when the fixing date is relative to an anchor date.	C
Leg Fixing Date Bus Day Conv	Business day convention to apply to each fixing date if the fixing date falls on a holiday.	C
Leg Fixing Date Offset	Specifies the fixing date relative to the reset date in terms of a business days offset.	C
Leg Fixing Day Type	The type of days to use to find the fixing date (i.e., business days, calendar days, etc.)	C
Leg Reset Date Adj Calendar	Regarding reset dates, this specifies which dates are considered holidays.	C
Leg Fixing Date Calendar	Regarding the fixing date, this specifies which dates are considered holidays.	C
Leg Fixed Rate or Amount	Only populate if Leg1 is Type "Fixed". This should be expressed in decimal form (e.g., 4% should be input as ".04").	C
Leg Index	If Stream is floating rate, this gives the index applicable to the floating rate.	C
Leg Index Tenor	For the floating rate leg, the tenor of the leg. For the fixed rate leg, NULL.	C
Leg Spread	Describes if there is a spread (typically an add-on) applied to the coupon rate.	C
Leg Pmt Sched Notional	Variable notional swap notional values.	C
Leg Initial Stub Rate	The interest rate applicable to the Initial Stub Period in decimal form (e.g., 4% should be input as ".04").	C
Leg Initial Stub Rate Index 1	Stub rate can be a linear interpolation between two floating rate tenors. E.g., if the stub period is 2 months, rate is linear interpolation of 1-month and 3-month reference rates. Specify the first index.	C
Leg Initial Stub Rate Index 2 Tenor	Stub rate can be a linear interpolation between two floating rate tenors. E.g., if the stub period is 2 months, rate is linear	C

	interpolation of 1-month and 3-month reference rates. Specify the second index.	
Leg Final Stub Rate	The interest rate applicable to the final stub period in decimal form (e.g., 4% should be input as ".04").	C
Leg Final Stub Rate Index 1	Stub rate can be a linear interpolation between two floating rate tenors. E.g., if the stub period is 2 months, rate is linear interpolation of 1-month and 3-month reference rates. Specify the first index.	C
Leg Final Stub Rate Index 2 Tenor	Stub rate can be a linear interpolation between two floating rate tenors. E.g., if the stub period is 2 months, rate is linear interpolation of 1-month and 3-month reference rates. Specify the second index.	C
Accrued Coupon (Interest)	Net accrued coupon amount since the last payment in the leg currency. If reported by leg, indicate the associated stream (leg) description (e.g., "FIXED/FLOAT," "FLOAT1/FLOAT2").	M
Profit/Loss	Profit/loss resulting from changes in value due to changes in underlying curve movements or floating index rate resets. This should exclude impacts to NPVs from extraneous cash flows (price alignment interest, fees, and coupons).	M
Leg Current Period Rate	If leg is a floating leg, this indicates the current rate used to calculate the next floating Leg coupon in decimal form (e.g., 4% should be input as ".04").	M
Leg Coupon Payment	Coupon amount for T+1 in the leg currency. This should reflect the net cash flow that will actually occur on the following business day. Negative number indicates that a payment was made.	M
Dollar Value of Basis Point (DV01)	Change in value in native currency of the swap/swaption/floor/cap if relevant pricing curve is shifted up by 1 basis point. DV01 = "dollar" value of a basis point in currency (not percentage) terms, the change in fair value of the leg, transaction, position, or portfolio (as appropriate) commensurate with a 1 basis point (0.01 percent) instantaneous, hypothetical increase in the related zero-coupon curves. DV01 may refer to non-dollar currencies and related curves. From the DCO's point of view: positive DV01 = profit/gain resulting from 1 basis point increase, negative DV01 = loss resulting from 1 basis point increase.	M
Net Cash Flow	Net cash flow recognized on report date (with actual settlements occurring according to the currency's settlement conventions). E.g., Profit/Loss, price alignment interest, cash payments (fees, coupons, etc.).	M
Net Present Value	NPV of all positions by currency. If reported by leg, indicate the associated stream (leg) description (e.g., "FIXED/FLOAT," "FLOAT1/FLOAT2").	M
Present Value of Other Payments	Includes the present value of any upfront and/or final/settlement payments that will be settled after the report date. Only include amounts that are affecting the NPV of current trades.	M
Previous Net Present Value	Yesterday's NPV.	C
Price Alignment Interest	To minimize the impact of daily cash variation margin payments on the pricing of swaps, the DCO will charge interest on cumulative variation margin received and pay interest on cumulative variation margin paid with respect to IRS by currency.	M
Other Payments	Includes any upfront and/or final/settlement payments made/received for the trade date. (Indicate gross pay/collect amounts.)	C

Universal Swap Identifier	Universal Swap Identifier (USI) namespace and USI. Enter the USI Namespace and the USI separated by a pipe "|" character.	C
Leg Initial Exchange	Amount of any exchange of cash flow at initiation of trade being cleared.	C
Leg Initial Exchange Date	Date that the initial exchange is set to occur.	C
Leg Final Exchange	Amount of any exchange of cash flow at maturity of trade.	C
Leg Final Exchange Date	Date that the final exchange is set to occur.	C
Option Exercise Style	IRS swaption exercise style.	C
Option Type	Specifies the IRS swaption type.	C
Option Start Date	The IRS swaption adjusted start date.	C
Option Adjusted Expiration Date	The IRS swaption adjusted expiration date.	C
Option Buy/Sell Indicator	Indicates the buyer or seller of a swap stream.	C
Underlying Clearing Security Identifier	Code assigned by the DCO for a particular contract.	C
Underlying Universal Product Identifier	Uniquely identifies the product of a security using ISO 4914 standard, Unique Product Identifier.	C
Underlying Security Type	Registered commodity clearing identifier.	C
Underlying Asset Class	The broad asset category for assessing risk exposure	C
Underlying Asset Subclass	The subcategory description of the asset class.	C
Underlying Asset Type	Provides a more specific description of the asset subclass.	C
Underlying Swap Class	The classification or type of swap.	C
Underlying Swap Subclass	The sub-classification or notional schedule type of the swap.	C
Underlying Security Description	Textual description of a financial instrument.	C
Underlying Security Leg Type	Identifies if the leg is fixed or floating.	C
Underlying Security Leg Notional	Notional amount associated with leg.	C
Underlying Security Leg Currency	Currency of this leg's notional amount.	C
Underlying Security Leg Index	If stream is floating rate, this gives the index applicable to the floating rate.	C
Underlying Security Leg Index Tenor	For the floating rate leg, the tenor of the leg. For the fixed rate leg, NULL.	C
Underlying Security Leg Fixed Rate Or Amount	Only populate if Leg1 is type "Fixed". This should be in decimal form (e.g., 4% should be input as ".04").	C
Underlying Security Leg Spread	Indicates whether there is a spread (typically an add-on) applied to the coupon rate.	C
DELTA	Delta is the measure of how the swaption's value varies with changes in the underlying price.	C
GAMMA	Gamma is the rate of change for delta with respect to the underlying asset's price.	C
RHO	Rho measures the sensitivity of an option's price to a variation in the risk-free interest rate.	C
THETA	Theta is the rate at which an option loses value as time passes.	C
VEGA	Vega is the measurement of an option's sensitivity to changes in the volatility of the underlying asset.	C

Option Premium	Amount of swaption premium.	C
Option Premium Date	Date swaption premium is paid.	C
Trade Date	Actual trade date for each position record (including specifically, the cleared date and the trade date).	M
Event Description	Description for each position record.	C

FORWARD RATE AGREEMENTS (DAILY POSITION REPORTING)		
Field Name	**Description**	**Use**
Previous Business Date	Previous business date.	M
Market Segment Indicator	Indicator that allows for validation of the FRA fields.	M
DCO Pays Indicator	Indicates which cash flow the DCO pays.	M
DCO Receives Indicator	Indicates which cash flow the DCO receives.	M
Clearing Participant Pays Indicator	Indicates which cash flow the clearing member pays.	M
Clearing Participant Receives Indicator	Indicates which cash flow the clearing member receives.	M
Clearing Security Identifier	Code assigned by the DCO for a particular contract.	M
Universal Product Identifier	Uniquely identifies the product of a security using ISO 4914 standard, Unique Product Identifier.	O
Security Type	Registered commodity clearing identifier.	M
Asset Class	The broad asset category for assessing risk exposure.	M
Asset Subclass	The subcategory description of the asset class.	C
Asset Type	Provides a more specific description of the asset subclass.	C
FRA Type	Type of swap stream.	M
Notional Amount	Stream notional amount.	M
Notional Currency	Currency of this leg's notional amount.	M
Start Date	Date the position was established.	M
Maturity Date	The date on which the principal amount becomes due.	M
Payment Day Count Conv	Defines how interest is accrued/calculated.	M
Payment Accrual Days	Number of accrual days between the effective date and maturity date.	M
First Payment Date	Date on which the payment is made. Always report the adjusted date.	C
Reset Date Bus Day Conv	Business day convention to apply to each fixing date if the fixing date falls on a holiday.	M
Reset Date Fixing Date	Date on which the payment is fixed. Always report the adjusted date.	M

Fixed Rate	The fixed amount in decimal terms.	M
Float Index	The index for the floating portion of the FRA.	M
Float First Tenor	First tenor associated with the index.	M
Float Second Tenor	Second tenor associated with the index.	C
Float Spread	In basis point terms.	M
Float Reference Rate	The fixed floating rate in decimal terms.	M
Dollar Value of Basis Point (DV01)	Change in value in USD of the FRA if relevant pricing curve is perturbed up by 1 basis point. DV01 = "dollar" value of a basis point in currency (not percentage) terms, the change in fair value of the leg, transaction, position, or portfolio (as appropriate) commensurate with a 1 basis point (0.01 percent) instantaneous, hypothetical increase in the related zero-coupon curves. DV01 may refer to non-dollar currencies and related curves. From the DCO's point of view: positive DV01 = profit/gain resulting from 1 basis point increase, negative DV01 = loss resulting from 1 basis point increase.	M
Net Present Value	NPV of all positions by currency.	M
Settlement FX Info	Settlement price foreign exchange conversion rate.	M
Previous Net Present Value	Yesterday's NPV.	M
Price Alignment Interest	To minimize the impact of daily cash variation margin payments on the pricing of swaps, the DCO will charge interest on cumulative variation margin received and pay interest on cumulative variation margin paid with respect to IRS by currency.	M
Universal Swap Identifier	Universal Swap Identifier (USI) namespace and USI. Enter the USI Namespace and the USI separated by a pipe "|" character.	C
Settlement Amount	The amount paid/received on the Payment Date. Always report adjusted date. (The position pays on a negative amount.)	M
Other Payments	Includes any upfront and/or final/settlement payments made/received for the trade date. (Indicate gross pay/collect amounts.)	C
Net Cash Flow	Net cash flow recognized on report date (with actual settlements occurring according to the currency's settlement conventions). E.g., profit/loss, price alignment interest, cash payments (fees, coupons, etc.).	C
Profit/Loss	Profit/Loss resulting from changes in value due to changes in underlying curve movements or floating index rate resets. Should exclude impacts to NPVs from extraneous cash flows (price alignment interest, fees, and coupons).	C
Present Value of Other Payments	Includes the present value of any upfront and/or final/settlement payments that will be settled after the report date. Only include amounts that are affecting the NPV of current trades.	C
Trade Date	Actual trade date for each position record (including specifically, the cleared date and the trade date).	M
Event Description	Description for each position record.	C

INFLATION INDEX SWAPS (DAILY POSITION REPORTING)		
Field Name	**Description**	**Use**
Cleared Date	Date on which the trade was cleared at the DCO.	M
Position Status	Position's status: If cleared and active, then indicate "ACTIVE" Clrd = 1, TrmtdInd = N	M

	If cleared and inactive, then indicate "TERMINATED" Clrd = 1, TrmtdInd = Y Terminated positions should only be reported on the day of termination.	
Market Segment Indicator	Indicator which allows for validation of the IIS fields.	M
DCO Pays Indicator	Indicate which cash flow the DCO pays.	M
DCO Receives Indicator	Indicate which cash flow the DCO receives.	M
Clearing Participant Pays Indicator	Indicate which cash flow the clearing member pays.	M
Clearing Participant Receives Indicator	Indicate which cash flow the clearing member receives.	M
Clearing Security Identifier	Code assigned by the DCO for a particular contract.	M
Universal Product Identifier	Uniquely identifies the product of a security using ISO 4914 standard, Unique Product Identifier.	O
Security Type	Registered commodity clearing identifier.	M
Asset Class	The broad asset category for assessing risk exposure.	M
Asset Subclass	The subcategory description of the asset class.	C
Asset Type	Provides a more specific description of the asset subclass.	C
Swap Class	The classification or type of swap.	M
Swap Subclass	The sub-classification or notional schedule type of the swap.	C
Security Description	Used to provide a textual description of a financial instrument.	M
Leg Type	Identifies if the leg is fixed or floating.	M
Leg Notional	Notional amount associated with leg.	M
Leg Notional Currency	Currency of this leg's notional amount.	M
Leg Start Date Adj Bus Day Conv	If start date falls on a weekend or holiday, value defines how to adjust actual start date.	C
Leg Start Date	Leg's effective date.	M
Leg Maturity Date Adj Bus Day Conv	If the maturity date falls on a weekend or holiday, value defines how to adjust actual maturity date.	C
Leg Maturity Date	The date on which the leg's principal amount becomes due.	M
Leg Maturity Date Adj Calendar	Regarding the maturity date, this specifies which dates are considered holidays.	C
Leg Calc Per Adj Bus Day Conv	If a date defining the calculation period falls on a holiday, this adjusts the actual dates based on the definition of the input.	C
Leg Calc Frequency	Calculation frequency, also known as the compounding frequency for compounded swaps.	M
Leg Roll Conv	Describes the day of the month when the payment is made.	C
Leg Calc Per Adj Calendar	Regarding the calculation period, this specifies which dates are considered holidays.	C
Leg Stream Daycount	Defines how interest is accrued/calculated.	C
Payment Stream Comp Method	If payments are made on one timeframe but calculations are made on a shorter timeframe, this describes how to compound interest.	C

Payment Stream Business Day Conv	If cash flow pay or receive date falls on a weekend or holiday, value defines actual date payment is made.	C
Payment Stream Frequency	Frequency at which payments are made.	M
Payment Stream Relative To	Specifies the anchor date when the payment date is relative to that date.	C
Payment Stream First Date	The unadjusted first payment date.	C
Payment Stream Last Regular Date	The unadjusted last regular payment date.	C
Payment Leg Calendar	Regarding dates on which cash flow payments/receipts are scheduled, this specifies which dates are considered holidays.	C
Leg Reset Date Bus Day Conv	Business day convention to apply to each reset date if the reset date falls on a holiday.	C
Leg Reset Date Relative To	Specifies the anchor date when reset date is relative to that date.	C
Leg Reset Frequency	Frequency at which resets occur. If the Leg Reset Frequency is greater than the calculation per frequency, more than 1 reset date should be established for each calculation per frequency and some form of rate averaging is applicable.	C
Leg Reset Fixing Date Offset	Specifies the fixing date relative to the reset date in terms of a business days offset.	C
Leg Fixing Day Type	The type of days to use to find the fixing date (i.e., business days, calendar days, etc.)	C
Leg Reset Date Calendar	Regarding reset dates, this specifies which dates are considered holidays.	C
Leg Fixing Date Bus Day Conv	Business day convention to apply to each fixing date if the fixing date falls on a holiday.	C
Leg Fixing Date Calendar	Regarding the fixing date, this specifies which dates are considered holidays.	C
Fixed Leg Rate or Amount	Only populate if Leg1 is Type "Fixed". This should be expressed in decimal form (e.g., 4% should be input as .04).	C
Floating Leg Inflation Index	If leg is floating rate, this gives the index applicable to the floating rate.	C
Floating Leg Spread	Describes if there is a spread (typically an add-on) applied to the coupon rate.	C
Floating Leg Payment Inflation Lag	Number of business days after payment due date on which the payment is actually made.	C
Floating Leg Payment Inflation Interpolation Method	The method used when calculating the inflation index level from multiple points. The most common is the linear method.	C
Floating Leg Inflation Index Initial Level	Initial known index level for the first calculation period.	C
Floating Leg Inflation Index Fallback Bond Ind	Indicates whether a fallback bond as defined in the 2006 ISDA Inflation Derivatives Definitions, sections 1.3 and 1.8, is applicable or not. If not specified, the default value is "Y" (True/Yes).	O
Leg Pmt Sched Notional	Variable notional swap notional values.	C
Leg Stub Type	Stubs apply to initial or ending periods that are shorter than the usual interval between payments.	C
Leg Initial Stub Fixed Rate	The interest rate applicable to the Initial Stub Period in decimal form (e.g., 4% should be input as ".04").	C
Leg Final Stub Fixed Rate	The interest rate applicable to the final stub period in decimal form (e.g., 4% should be input as ".04").	C
Leg Initial Stub Floating Rate Index 1 Tenor	Stub rate can be a linear interpolation between two floating rate tenors. E.g., if the stub period is 2 months, rate is linear interpolation of 1-month and 3-month reference rates. Specify the first index.	C

Leg Initial Stub Floating Rate Index 2 Tenor	Stub rate can be a linear interpolation between two floating rate tenors. E.g., if the stub period is 2 months, rate is linear interpolation of 1-month and 3-month reference rates. Specify the second index.	C
Leg Final Stub Floating Rate Index 1 Tenor	Stub rate can be a linear interpolation between two floating rate tenors. E.g., if the stub period is 2 months, rate is linear interpolation of 1-month and 3-month reference rates. Specify the first index.	C
Leg Final Stub Rate Floating Index 2 Tenor	Stub rate can be a linear interpolation between two floating rate tenors. E.g., if the stub period is 2 months, rate is linear interpolation of 1-month and 3-month reference rates. Specify the second index.	C
Leg First Reg Per Start Date	If there is a beginning stub, this describes the date when the usual payment periods will begin.	C
Leg Last Reg Per End Date	If there is an ending stub, this describes the date when the usual payment periods will end.	C
Leg Accrued Interest (Coupon)	The net accrued coupon amount since the last payment in the leg currency. If reported by leg, indicate the associated stream (leg) description (e.g., "FIXED/FLOAT," "FLOAT1/FLOAT2").	M
Profit/Loss	Profit/Loss resulting from changes in value due to changes in underlying curve movements or floating index rate resets. This should exclude impacts to NPVs from extraneous cash flows (price alignment interest, fees, and coupons).	M
Leg Coupon Amount	Coupon amount for T+1 in the leg currency. This should reflect the net cash flow that will actually occur on the following business day. A negative number indicates payment was made.	M
Leg Current Period Coupon Rate	If leg is a floating leg, this indicates the current rate used to calculate the next floating leg coupon in decimal form (e.g., 4% should be input as ".04").	M
Dollar Value of Basis Point (DV01)	Change in value in native currency of the swap/swaption/floor/cap if relevant pricing curve is shifted up by 1 basis point. DV01 = "dollar" value of a basis point in currency (not percentage) terms, the change in fair value of the leg, transaction, position, or portfolio (as appropriate) commensurate with a 1 basis point (0.01 percent) instantaneous, hypothetical increase in the related zero-coupon curves. DV01 may refer to non-dollar currencies and related curves. From the DCO's point of view: positive DV01 = profit/gain resulting from 1 basis point increase, negative DV01 = loss resulting from 1 basis point increase.	M
Net Cash Flow	Net cash flow recognized on report date (with actual settlements occurring according to the currency's settlement conventions). E.g., profit/loss, price alignment interest, cash payments (fees, coupons, etc.).	M
Net Present Value	NPV of all positions by currency. If reported by leg, indicate the associated stream (leg) description (e.g., "FIXED/FLOAT," "FLOAT1/FLOAT2").	M
Present Value Of Other Payments	Includes the present value of any upfront and/or final/settlement payments that will be settled after the report date. Only include amounts that are affecting the NPV of current trades.	M
Previous Net Present Value	Yesterday's NPV.	C
Price Alignment Interest	To minimize the impact of daily cash variation margin payments on the pricing of swaps, the DCO will charge interest on cumulative variation margin received and pay interest on cumulative variation margin paid with respect to IRS by currency.	M
Universal Swap Identifier	Universal Swap Identifier (USI) namespace and USI. Enter the USI Namespace and the USI separated by a pipe "|" character.	C
Stream Initial Exchange	Amount of any exchange of cash flow at initiation of trade being cleared.	C
Stream Initial Exchange Date	Date that the initial exchange is set to occur.	C
Stream Final Exchange	Amount of any exchange of cash flow at maturity of trade.	C
Stream Final Exchange Date	Date that the final exchange is set to occur.	C

Other Payments	Includes any upfront and/or final/settlement payments made/received for the trade date. (Indicate gross pay/collect amounts.)	C
Trade Date	Actual trade date for each position record (including specifically, the cleared date and the trade date).	M
Event Description	Description for each position record.	C

EQUITY CROSS MARGIN (DAILY POSITION REPORTING)		
Field Name	**Description**	**Use**
Market Segment Identifier	Indicator which allows for validation of the equity cross margin fields.	M
Exchange Security Identifier	Contract code issued by the exchange.	M
Clearing Security Identifier	Registered clearing security identifier. The code is for the contract as if it was traded in the form in which it is cleared. For example, if the contract were traded as a spread but cleared as an outright, the outright symbol should be used.	M
Product Type	Indicates the type of product the security is associated with.	C
Security Type	Indicates type of security.	M
Maturity Month Year	Month and year of the maturity (used for standardized futures and options).	M
Maturity Date	The date on which the principal amount becomes due. For NDFs, this represents the fixing date of the contract.	C
Asset Class	The broad asset category for assessing risk exposure.	M
Asset Subclass	The subcategory description of the asset class.	C
Asset Type	Provides a more specific description of the asset subclass.	C
Security Description	Used to provide a textual description of a financial instrument.	M
Position (Long)	Long position size. If a position is quoted in a unit of measure (UOM) different from the contract, specify the UOM. If a position is measured in a currency, specify the currency.	M
Position (Short)	Short position size. If a position is quoted in a UOM different from the contract, specify the UOM. If a position is measured in a currency, specify the currency.	M
Settlement Price/Currency	Settlement price, prior settlement price, settlement currency, and final settlement date.	M
Option Strike Price	Option strike price.	C
Option Put/Call Indicator	Option type.	C
Underlying Exchange Commodity Code	Underlying Contract code issued by the exchange.	C
Underlying Clearing Commodity Code	Registered commodity clearing identifier. The code is for the contract as if it were traded in the form it is cleared. For example, if the contract was traded as a spread but cleared as an outright, the outright symbol should be used.	C
Underlying Product Type	Indicates the type of product the security is associated with.	C
Underlying Security Type	Indicates type of security. Underlying instrument is required for Security Type = OOF, OOC, or OPT. Use Security Type = MLEG for combo contracts.	C

Underlying Maturity Month Year	Maturity month and year (used for standardized futures and options).	C
Underlying Maturity Date	The date on which the principal amount becomes due. For NDFs, this represents the fixing date of the contract.	C
Underlying Asset Class	The broad asset category for assessing risk exposure.	C
Underlying Asset Subclass	The subcategory description of the asset class.	C
Underlying Asset Type	Provides a more specific description of the asset subclass.	C
Underlying Settlement Price/Currency	Settlement price, prior settlement price, settlement currency, and final settlement date.	C

C. Greek Ladder Reporting

M = mandatory C = conditional O = optional

COMMON FIELDS (GREEK LADDER REPORTING)		
Field Name	**Description**	**Use**
Total Message Count	The total number of reports included in the file.	M
FIXML Message Type	FIXML account summary report type.	M
Sender ID	The CFTC-issued DCO identifier.	M
To ID	Indicate "CFTC".	M
Message Transmit Datetime	The date and time the file is transmitted.	M
Report ID	A unique identifier assigned by the CFTC to each clearing member report.	M
Report Date	The business date of the information being reported.	M
Base Currency	Base currency referenced throughout report; provide exchange rate against this currency.	M
Report Time (Message Create Time)	The report "as of" or information cut-off time.	M
Message Event	The event source being reported.	M
File number and count	Each FIXML file should indicate its sequence (e.g., "file 1 of 10").	M
Ladder Indicator	Indicator that identifies the type of Greek ladder.	M
DCO Identifier	CFTC-assigned identifier for a DCO.	M
Clearing Participant Identifier	DCO-assigned identifier for a particular clearing member.	M
Clearing Participant Name	The name of the clearing member.	M
Fund Segregation Type	Clearing fund segregation type.	M
Clearing Participant LEI	LEI for a particular clearing member.	M
Clearing Participant LEI Name	The LEI name associated with the clearing member LEI.	M

Customer Identifier	Proprietary identifier for a particular customer position account.	C
Customer Name	The name associated with the customer position identifier.	C
Customer Account Type	Type of account used for reporting.	C
Customer LEI	LEI for a particular customer; provide if available.	C
Customer LEI Name	The LEI name associated with the customer position LEI.	C

DELTA LADDER (DAILY REPORTING)		
Field Name	**Description**	**Use**
Currency	ISO 4217 currency code.	M
FX Rate	Rate used to convert the currency to USD.	M
Curve Name	Name of the reference curve.	M
Tenor	Number of days from the report date.	M
Sensitivity	Theoretical profit and loss with a single upward basis point shift.	M

GAMMA LADDER (DAILY REPORTING)		
Field Name	**Description**	**Use**
Currency	ISO 4217 currency code.	M
FX Rate	Rate used to convert the currency to USD.	M
Curve Name	Name of the reference curve.	M
Tenor	Number of days from the report date.	M
Sensitivity	Theoretical profit and loss with a single upward basis point shift.	M

VEGA LADDER (DAILY REPORTING)		
Field Name	**Description**	**Use**
Currency	ISO 4217 currency code.	M
FX Rate	Rate used to convert the currency to USD.	M
Curve Name	Name of the reference curve.	M
Tenor	Number of days from the report date.	M
Sensitivity	Theoretical profit and loss with a single upward basis point shift.	M

D.   Curve Reference Reporting
M = mandatory C = conditional O = optional

COMMON FIELDS (CURVE REFERENCE REPORTING)		
Field Name	**Description**	**Use**

Total Message Count	The total number of reports included in the file.	M
FIXML Message Type	FIXML account summary report type.	M
Sender ID	The CFTC-issued DCO identifier.	M
To ID	Indicate "CFTC".	M
Message Transmit Datetime	The date and time the file is transmitted.	M
Report ID	A unique identifier assigned by the CFTC to each clearing member report.	M
Report Date	The business date of the information being reported.	M
Base Currency	Base currency referenced throughout report; provide exchange rate against this currency.	M
Report Time (Message Create Time)	The report "as of" or information cut-off time.	M
Message Event	The event source being reported.	M
File number and count	Each FIXML file should indicate its sequence (e.g., "file 1 of 10").	M
DCO Identifier	CFTC-assigned identifier for a DCO.	M

CURRENCY CURVE (DAILY REPORTING)		
Field Name	**Description**	**Use**
Curve	Reference curve name.	M
Currency	ISO 4217 currency code.	M
Maturity Date	The date on which the principal amount becomes due.	M
Par Rate	Rate such that the maturity will pay in order to sell at par today.	M

ZERO RATE CURVE (DAILY REPORTING)		
Field Name	**Description**	**Use**
Currency	ISO 4217 currency code.	M
Curve	Reference curve name.	M
Maturity Date	The date on which the principal amount becomes due.	M
Offset	The difference in days between the maturity date and reporting date.	M
Accrual Factor	The difference in years between the maturity date and reporting date.	M
Discount Factor	Value used to compute the present value of future cash flows values.	M
Zero Rate	Averages of the one-period forward rates up to their maturity.	M

E.   Back Testing Reporting
       M = mandatory C = conditional O = optional

COMMON FIELDS (BACK TESTING REPORTING)

Field Name	Description	Use
Total Message Count	The total number of reports included in the file.	M
FIXML Message Type	FIXML account summary report type.	M
Sender ID	The CFTC-issued DCO identifier.	M
To ID	Indicate "CFTC".	M
Message Transmit Datetime	The date and time the file is transmitted.	M
Report ID	A unique identifier assigned by the CFTC to each clearing member report.	M
Report Date	The business date of the information being reported.	M
Base Currency	Base currency referenced throughout report; provide exchange rate against this currency.	M
Report Time (Message Create Time)	The report "as of" or information cut-off time.	M
Message Event	The event source being reported.	M
Breach Indicator	Indicates the breach file.	M
File number and count	Each FIXML file should indicate its sequence (e.g., "file 1 of 10").	M
DCO Identifier	CFTC-assigned identifier for a DCO.	M
Clearing Participant Identifier	DCO-assigned identifier for a particular clearing member.	M
Clearing Participant Name	The name of the clearing member.	M
Fund Segregation Type	Clearing fund segregation type.	M
Clearing Participant LEI	LEI for a particular clearing member.	M
Clearing Participant LEI Name	The LEI name associated with the clearing member LEI.	M
Customer Identifier	Proprietary identifier for a particular customer position account.	C
Customer Name	The name associated with the customer position identifier.	C
Customer Account Type	Type of account used for reporting.	C
Customer LEI	LEI for a particular customer; provide if available.	C
Customer LEI Name	The LEI name associated with the customer position LEI.	C

BREACH DETAILS (DAILY REPORTING)

Field Name	Description	Use
Initial Margin	Margin requirement calculated by the DCO's margin methodology. Unless an integral part of the margin methodology, this figure should not include any additional margin add-ons.	M
Variation Margin	Variation margin should include the net sum of all cash flows between the DCO and clearing members by origin.	M

Breach Amount	Difference between the initial margin and variation margin.	M

BREACH SUMMARY (DAILY REPORTING)

Field Name	Description	Use
Total Instance	Total number of testing dates for the account.	M
Number of Breaches	Total number of breaches in the testing period.	M
Test Range Start	Beginning date of the test.	M
Test Range End	End date of the test.	M

F.   Cash Flow Reporting
        M = mandatory C = conditional O = optional

VARIATION MARGIN REPORTING

Field Name	Description	Use
Total Message Count	The total number of reports included in the file.	M
FIXML Message Type	FIXML account summary report type.	M
Sender ID	The CFTC-issued DCO identifier.	M
To ID	Indicate "CFTC".	M
Message Transmit Datetime	The date and time the file is transmitted.	M
Report ID	A unique identifier assigned by the CFTC to each clearing member report.	M
Report Date	The business date of the information being reported.	M
Business Date	The applicable trade date to which the payment activity relates.	M
Base Currency	Base currency referenced throughout report; provide exchange rate against this currency.	M
Report Time (Message Create Time)	The report "as of" or information cut-off time.	M
Message Event	The event source being reported.	M
File number and count	Each FIXML file should indicate its sequence (e.g., "file 1 of 10").	M
DCO Identifier	CFTC-assigned identifier for a DCO.	M
Clearing Participant Identifier	DCO-assigned identifier for a particular clearing member.	M
Clearing Participant Name	The name of the clearing member.	M
Fund Segregation Type	Clearing fund segregation type.	M
Clearing Participant LEI	LEI for a particular clearing member.	M
Clearing Participant LEI Name	The LEI name associated with the clearing member LEI.	M

Call Transaction ID	A unique ID that links the amount called to the amount received.	M
Settlement Cycle	An acronym that indicates to which settlement cycle the variation margin payment applies. E.g., BOD = Beginning of Day, ITD = Intraday, EOD = End of Day.	M
Call Time	The timestamp indicating when the DCO declares or issues notice that a variation margin payment is due to be received from its clearing members.	M
Call Amount	The amount of variation margin the DCO expects to be paid.	M
Received Time	The timestamp indicating when the DCO received variation margin due from a clearing member.	M
Received Amount	The amount of variation margin received from a clearing member.	M
Paid Time	The timestamp indicating when the DCO declares or issues notice that a variation margin payment is due to be paid to its clearing members.	M
Paid Amount	The amount of variation paid to a clearing member.	M

G. Manifest Reporting
     M = mandatory C = conditional O = optional

MANIFEST REPORTING		
Field Name	**Description**	**Use**
Total Message Count	The total number of reports included in the file.	M
FIXML Message Type	FIXML account summary report type.	M
Sender ID	The CFTC-issued DCO identifier.	M
To ID	Indicate "CFTC".	M
Message Transmit Datetime	The date and time the file is transmitted.	M
Filenames	List of files to be sent.	M

PART 140—ORGANIZATION, FUNCTIONS, AND PROCEDURES OF THE COMMISSION

10. The authority citation for part 140 continues to read as follows:

Authority: 7 U.S.C. 2(a)(12), 12a, 13(c), 13(d), 13(e), and 16(b).

11. Amend § 140.94 by revising paragraph (c)(10) to read as follows:

§ 140.94 Delegation of authority to the Director of the Division of Swap Dealer and Intermediary Oversight and the Director of the Division of Clearing and Risk.

* * * * *

(c) * * *

(10) All functions reserved to the Commission in § 39.19(a), (b)(1), (c)(2), (c)(3)(iv), and (c)(5) of this chapter;

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Issued in Washington, DC, on December 6, 2022, by the Commission.

Robert Sidman

Deputy Secretary of the Commission.

NOTE: The following appendices will not appear in the Code of Federal Regulations.

Appendices to Reporting and Information Requirements for Derivatives Clearing Organizations – Commission Voting Summary, Chairman's Statement, and Commissioners' Statements

Appendix 1 – Commission Voting Summary

On this matter, Chairman Behnam and Commissioners Johnson, Goldsmith Romero, Mersinger, and Pham voted in the affirmative. No Commissioner voted in the negative.

Appendix 2 – Statement of Support of Chairman Rostin Behnam

Today the Commission will consider a proposal to amend certain reporting and information requirements applicable to derivatives clearing organizations ("DCOs") which are set forth in Part 39 of the Commission's regulations. The Commission last amended these requirements in January 2020[1] and is revisiting them today in order to address certain issues identified by the industry and through the Commission's experience with DCO compliance with the amended reporting and information requirements. The proposed amendments either codify existing staff no-action letters[2] and Commission practices[3] or provide further changes to or clarification of certain Part 39 regulations in order to ensure that DCOs understand their reporting obligations and the Commission receives the information it needs to perform its supervisory responsibilities. Specifically, the proposed amendments would, among other things, update information requirements associated with commingling customer funds and positions in futures and swaps in the same account, address certain systems-related reporting obligations in Regulation 39.18(g) regarding exceptional events, revise certain daily and event-specific reporting requirements in Regulation 39.19(c), and codify, in an appendix, the reporting fields that a DCO is required to provide on a daily basis under existing Regulation 39.19(c)(1). In addition, the Commission is proposing to amend the delegation provision in Regulation 140.94(c) to provide the Director of the Division of Clearing and Risk with delegated authority to request the information required by Regulation 39.19, any additional information that the Commission determines to be necessary to conduct

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[1] Derivatives Clearing Organization General Provisions and Core Principles, 85 FR 4800 (Jan. 27, 2020).
[2] *See* CFTC Letter No. 21-31 (Dec. 22, 2021) (addressing compliance with the amended requirements in Regulation 39.19(c)(1) pertaining to the daily reporting of variation margin and cash flows by individual customer account). Letter No. 21-31 extended the no-action relief originally granted in CFTC Letter No. 21-01 (Dec. 31, 2020). *See* CFTC Letter No. 19-15 (July 1, 2019) (no-action letter to Eris Clearing, LLC, regarding several Commission regulations, including Regulation 39.21(c)(7), due to Eris Clearing, LLC's fully collateralized clearing model).
[3] Commodity Futures Trading Commission Guidebook for Part 39 Daily Reports, Version 1.0.1, Dec. 10, 2021.

oversight of the DCO, and to specify the format and manner in which the information required by the regulation is submitted to the Commission.

I fully support the proposed rulemaking as it provides greater transparency, clarity and certainty to our DCOs and market participants regarding our reporting requirements and streamlines how the Commission receives the information necessary to supervise our DCOs. I believe it is prudent for the Commission to update or revise its regulations based on its experience and in response to certain industry and DCO concerns regarding compliance. Periodic stock takes and updates of our regulations based on our experiences and ongoing compliance concerns mitigate unintended consequences and ensure that our regulations are operating as intended. In addition, I would like to encourage continued dialogue between the Commission and market participants regarding elements of our regulations that may be impractical or simply do not work. As I understand it, the proposed amendment removing the requirement that a DCO report daily variation margin and cash flow information by individual customer account was borne out of discussions with the industry and certain DCOs. Such engagement assists us in refining our regulations. I also support changes to the delegation provision as it streamlines how the Commission's Division of Clearing and Risk receives information the Commission needs to conduct oversight of DCOs in a timely manner.

I look forward to the public's submission of comments and feedback on this notice of proposed rulemaking. Many thanks to the staff of the Division of Clearing and Risk for all of their hard work and effort in bringing this proposal to fruition.

Appendix 3 – Supporting Statement of Commissioner Kristin N. Johnson

I support the Commodity Futures Trading Commission's (CFTC) issuance of the Notice of Proposed Amendments to Reporting and Information Requirements for Derivatives Clearing Organizations (Notice). Across the diverse commodity and derivates markets subject to CFTC oversight and in nascent markets where the CFTC's visibility

and enforcement authority may be limited, recent events demonstrate the need to adopt, implement, enforce, and continuously refine CFTC rules and regulations to foster fair, orderly, and transparent markets, to ensure effective protection of customer assets and preserve market integrity. These efforts are critical to fulfilling our mandate.

The proposed amendments advance greater transparency, facilitate better supervision, and ensure that rules are fit for purpose. I thank the staff of the Division of Clearing and Risk (Division) for efforts taken to update the derivatives clearing organization (DCO) information and reporting requirements.

Even as we prepare to enhance information and reporting requirements, we cannot rest on our laurels. As noted, recent events underscore the significant value of these requirements imposed on DCOs. We must thoroughly interrogate attempts by actors seeking to enter our markets under the guise of complying with our regulations only to reveal intentions to engage in various forms of regulatory arbitrage or worse, defrauding customers and destabilizing our markets.

Refining Risk Management Information and Reporting Requirements

Adopted in the wake of the global financial crisis that began in 2007, the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act), implemented reforms to mitigate systemic financial risk and promote financial stability and transparency.[1] The market structure, governance, and oversight reforms introduced by the Dodd-Frank Act supported centralized clearing of bilateral over the counter swaps transactions in an effort to "foster greater efficiencies" across derivatives markets.[2] Building on existing regulatory principles previously implemented under the Commodity

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[1] Pub. L. 111–203, 124 Stat. 1376 (July 21, 2010).
[2] Ownership Limitations and Governance Requirements for Security-Based Swap Clearing Agencies, Security-Based Swap Execution Facilities, and National Securities Exchanges with Respect to Security-Based Swaps Under Regulation MC, 75 FR 65885 (Oct. 26, 2010).

Exchange Act, the Dodd-Frank Act significantly strengthened the CFTC's authority to adopt, implement, and enforce regulations governing DCOs.

Payment, clearing, and settlement systems serve a central role in financial market infrastructure. DCOs clear and settle trillions of dollars in transactions each year in global financial markets. Each DCO interposes itself into each contract presented for clearing and settlement, meaning that the DCO serves as the economic counterparty to each party in a transaction for each contract that it clears and settles. This novation mutualizes risk, enables greater visibility into the risk exposure of market participants and DCOs, introduces uniform contractual obligations, and establishes standards for initial and variation margin.

The Commission, clearing members, and clearing service providers engage in a regulatory dialogue to ensure DCOs and clearing members maintain minimum liquidity reserves, introduce critical system safeguards including cyber-risk management measures, and implement governance measures that mitigate conflicts of interest, among other concerns. In the years following passage of the Dodd-Frank Act the CFTC issued a number of rules to implement core regulatory principles, including rules relating to treatment of funds (Core Principle F), system safeguards (Core Principle I), reporting (Core Principle J), and the public availability of information (Core Principle L).[3]

In January 2020, the Commission amended many of the provisions in part 39 in order to enhance certain risk management and reporting obligations, clarify the meaning of certain provisions, and streamline registration and reporting.[4] The proposed rulemaking updates these rules to reflect developments in risk management and in the

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[3] Derivatives Clearing Organization General Provisions and Core Principles, 76 FR 69334 (Nov. 8, 2011).
[4] Derivatives Clearing Organization General Provisions and Core Principles, 85 FR 4800 (Jan. 27, 2020), available at *https://www.federalregister.gov/documents/2020/01/27/2020-01065/derivatives-clearing-organization-general-provisions-and-core-principles*.

Commission's understanding of what information is most helpful in carrying out its oversight mission.

I commend staff for beginning to review current regulations and their interplay with potential disintermediated clearing and settlement frameworks. While this proposal is a laudable first step, there is much more work to be accomplished.

Reflecting on the risk management oversight role and purpose of DCOs, it is critical, that we correctly calibrate information and reporting requirements. This responsibility is heightened in the context of our consideration of proposals that allow DCOs to offer direct clearing to retail customers. Direct clearing models may remove intermediaries who are subject to capital, risk management, and recovery and resilience requirements. Expansion of clearing to new asset classes, such as digital assets, also raises potential new stresses on traditional and alternative clearing models. It is important that the Commission properly tailor information and reporting in a manner that will enhance CFTC market surveillance, supervision and oversight. For a few issues raised in the Notice, the Commission may benefit from forward-looking comments that consider alterative market structures.

Segregation of Customer Funds Information and Reporting Requirements

Commission regulation 39.15 implements DCO Core Principle F and requires DCOs to establish standards and procedures for protecting and ensuring the safety of clearing member and customer funds. Core Principle F, as amended by the Dodd-Frank Act, requires a DCO to establish standards and procedures that are designed to protect and ensure the safety of funds and assets held in custody, to hold such funds and assets in a way designed to minimize risk, and to limit investment of such funds and assets to instruments with minimal credit, market, and liquidity risks.[5]

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[5] *Id.* at 69,390.

Segregation and safekeeping of clearing member and customer funds and assets is critical to ensuring that a DCO in fact serves the risk mitigating function for which it is intended; if these funds and assets are not optimally protected it can compromise the stability of the DCO and result in substantial losses to clearing members and ultimately customers, with accompanying destabilization of the markets. The proposed amendments to Regulation 39.15 aim to better tailor the information that DCOs distribute to the CFTC in response to requests for combining swaps and futures positions and the assets that support their trading in a single account. I support these proposed amendments because they are carefully designed to facilitate activity that will improve DCO risk management practices.[6]

Liquidity Reserves Reporting and Information Requirements

Most timely in light of recent events, the Notice proposes a package of liquidity-related transparency amendments revising the rules implementing Core Principle J.[7] Prudent risk management, and particularly the management of liquidity needs, is critical to DCO resilience. Macroeconomic conditions today are marked by persistent inflation and periods of sustained volatility. Prevailing market conditions are characterized by extreme volatility and positively correlated assets that amplify the risk of contagion, creating a perfect storm for unanticipated liquidity demands. Collectively, the proposed transparency amendments, which trigger reporting of changes to credit and liquidity facilities, and the financial health of the entities that offer them, should significantly improve the Commission's risk surveillance of DCOs and clearing members. I fully support these transparency provisions. They add value to the core principles we uphold— the protection of customers and the integrity of the financial markets that we regulate.

Cyber-Risk and Systems Safeguard Reporting and Information Requirements

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[6] *See* Proposed Rulemaking at 5–12.
[7] *See* proposed Regulation 39.19.

The proposed rulemaking also amends the regulations implementing Core Principle I to increase the reporting of DCO automated system impairments, including impairments concerning third-party provided services.[8] We live in a digital age that is dependent on technology and the systems and software that comprise it. The Notice proposes amendments to regulation §39.18(g)(1) to require that a DCO promptly notify the Division of any hardware or software malfunction or operator error that impairs, or creates a significant likelihood of impairment of, automated system operation, reliability, security, or capacity. The Notice also proposes to adopt new regulation §39.18(g)(2) that requires a DCO to promptly notify the Division of any security incident or threat that compromises or could compromise the confidentiality, availability, or integrity of an automated system or any information, services, or data relied upon by them in discharging their responsibilities. This information is essential to the Commission's ability to monitor registrants for operational safety and soundness and to consider the implications of events that threaten the integrity of systemically important DCOs (SIDCOs).

While I appreciate that new reporting obligations will require adjustments, these important reforms represent a refined, more carefully tailored reporting regime that seeks to achieve the goals outlined in the Dodd-Frank Act. I, therefore, support the Commission's issuance of the Notice of Proposed Rulemaking on DCO Reporting Requirements. I also very much welcome stakeholder comments as to whether the proposed amendments are sufficient to accomplish the stated purpose, or whether additional information would further assist the CFTC in carrying out its mission.

Appendix 4 – Statement of Commissioner Christy Goldsmith Romero

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[8] *See* proposed Regulation 39.18.

I support the Commission considering expanding requirements for clearing house notifications to the CFTC of cybersecurity incidents and clearing system malfunctions. The proposal is informed by the CFTC's experience, which involves around 120 recent reportable events, in addition to some clearing houses who have not reported cybersecurity incidents and clearing system malfunctions as required. I look forward to public comment on whether the proposed rule will be sufficient to hold clearing houses accountable for reporting delays or failures. I also look forward to public comment on whether the proposed rule sufficiently adapts to the ever-evolving cybersecurity threat landscape and adequately addresses changing technologies and risks, including those related to cryptocurrencies.

I thank the staff for their hard work on the proposal.

Cyber attacks are one of the most persistent and severe threats facing companies

Cyber attacks are one of the most persistent and severe threats facing companies today. In 2012, then-Director of the Federal Bureau of Investigation ("FBI"), Robert Mueller, warned, "There are only two types of companies: those that have been hacked and those that will be. And even they are converging into one category: companies that have been hacked and will be hacked again.[1]

Since then, cyber attacks have evolved dramatically. In March 2022, FBI Director Christopher Wray said that last year, 14 of 16 critical infrastructure sectors saw ransomware incidents.[2] High profile cyber attacks such as at the Colonial Pipeline and JBS, the world's largest meat supplier, significantly affected supply chains.[3]

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[1] Robert S. Mueller, III, Director, Federal Bureau of Investigation, *Remarks as Prepared for Delivery to the RSA Cyber Security Conference*, San Francisco, CA (Mar. 1, 2012) available at *https://archives.fbi.gov/archives/news/speeches/combating-threats-in-the-cyber-world-outsmarting-terrorists-hackers-and-spies*.

[2] Christopher Wray, Director, Federal Bureau of Investigation, *FBI Partnering with the Private Sector to Counter the Cyber Threat — FBI*, Detroit, MI (Mar. 22, 2022) available at *https://www.fbi.gov/news/speeches/fbi-partnering-with-private-sector-to-counter-the-cyber-threat-032222*.

[3] Colonial was responsible for transporting almost half of the fuel to the eastern United States. After being hit by a ransomware attack from a group called DarkSide, Colonial shut down their pipeline. Panicked

"The rapid digitization of financial services, which accelerated with the pandemic, has led to an increase in global cyber threats," according to the Financial Services Information Sharing and Analysis Center.[4] A 2022 survey of chief information security officers at 130 global financial institutions found that 74% experienced at least one ransomware attack over the past year and 63% experienced an increase in destructive attacks designed to counter incident responses.[5]

Adapting and evolving to meet the changing threat

The threat of cyber attacks is so severe that it requires the CFTC and our registrants to adapt and evolve to meet the changing threat. A major cyber incident involving U.S. clearing houses carries the potential to create disruptions—if not short-term chaos—throughout our financial markets. Imagine the equivalent of the Colonial Pipeline attack on a clearing house or major clearing member.

Additionally, given the nature of the technology and pseudo-anonymity, cryptocurrencies present significant and novel vulnerabilities to cyber attacks, with more than $2 billion stolen this year alone.[6]   The chief executive officer of Binance, which suffered a $570 million hack last month, acknowledged on CNBC that the industry has to

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ensued, leading to a run on gas stations. The Colonial attack followed numerous other cyber incidents that year, including incidents at JBS, the New York City transportation system, and health care facilities. *See, e.g., Cyber Threats in the Pipeline: Using Lessons from the Colonial Ransomware Attack to Defend Critical Infrastructure*, Hearing before the Committee on Homeland Security, House of Representatives, 107th Congress, First Session (June 9, 2021) available at *https://www.govinfo.gov/content/pkg/CHRG-117hhrg45085/html/CHRG-117hhrg45085.htm*.

[4] Financial Services Information Sharing and Analysis Center, *Navigating Cyber 2022: Annual Cyber Threat Review and Predictions* (Q1, 2022) available at *https://www.fsisac.com/navigatingcyber2022-report*.

[5] VMware, *Modern Bank Heists 5.0: The Escalation: From Heist to Hijack, From Dwell to Destruction* (April 26, 2022) available at *https://www.vmware.com/learn/security/1414485_REG.html*.

[6] As Chairwoman Stabenow stated, "$1.9 billion of cryptocurrency was stolen in hacks in the first seven months of this year alone." Opening Statement of Sen. Stabenow, *Hearing to Review the Digital Commodities Consumer Protection Act*, Before the U.S. Senate Committee on Agriculture, Nutrition, & Forestry (Sept. 15, 2022) available at *https://www.agriculture.senate.gov/newsroom/dem/press/release/chairwoman-stabenow-opening-statement-at-hearing-to-review-the-digital-commodities-consumer-protection-act*.

make their code more secure, adding "in the blockchain world, whenever there is a bug, it can result in large losses."[7]

An immediate two-way flow of information will help the CFTC contain the threat and safeguard markets. The response to the Colonial Pipeline incident is instructive. The five-day shut down of Colonial after a ransomware attack could have been much longer but for Colonial calling the FBI, which had an open investigation into DarkSide. The FBI had the expertise to coordinate with the Cybersecurity & Infrastructure Security Agency, give Colonial technical information and remediation techniques, identify the intrusion vector, and ultimately, seize the virtual currency wallet of the criminals involved.[8] The CFTC, too, can be helpful in navigating the aftermath of cyber incidents or systems malfunctions alongside our clearing houses.

The proposed CFTC notification requirements would account for a clearing house's lack of initial detailed knowledge, while requiring critical information. The CFTC could combine that information with threat information learned through federal partnerships to assess the impact of the threat, including at the clearing house and whether it extends to others.[9] A clearing house would have to provide, in addition to notifications of cybersecurity incidents, Commission notifications of clearing system malfunctions. These notifications can help the Commission determine the clearing house's ability to perform its critical market infrastructure role.

We endeavor to work with clearing houses to address cyber events and issues *as they happen*—not to receive after-the-fact notice, when most of the damage has been done and when a useful, coordinated response may be too late. Also, it is possible that

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[7] *CNBC, $570 million worth of Binance's BNB token stolen in another major crypto hack (cnbc.com)* (Oct. 7, 2022) available at *https://www.cnbc.com/2022/10/07/more-than-100-million-worth-of-binances-bnb-token-stolen-in-another-major-crypto-hack.html*.
[8] Christopher Wray, Director, Federal Bureau of Investigation, *FBI Partnering with the Private Sector to Counter the Cyber Threat — FBI*, Detroit, MI (Mar. 22, 2022) available at *https://www.fbi.gov/news/speeches/fbi-partnering-with-private-sector-to-counter-the-cyber-threat-032222*.
[9] Reporting also would provide data on cyber incidents that the CFTC can use to assess risks and trends.

multiple firms within an industry are subject to the same vulnerabilities given increased reliance on third party providers and suppliers.

This is an important practical consideration. Clearing houses must take immediate protective steps when faced with cyber incidents. But they very often detect an intrusion or other anomaly long before they are prepared to identify a specific cause or avenue for the attack, the severity of the event, or the scope of information impacted.

I support removing the "materiality" requirement that an incident rises to a reporting threshold for severity or scope. This requirement can be associated with failures to notify the Commission or delays.

Holding clearing houses accountable and strengthening the ability to enforce notification requirements

The threat of cyber attacks has evolved to be so severe, as is the damage that can flow from a clearing system malfunction, that it is critical for the Commission to hold clearing houses accountable to the new notification requirements, if and when they are enacted. This can include through supervisory methods and enforcement actions for reporting failures and delays.

Accountability is critical for all clearing houses, but it is particularly important for new clearing houses (now and in the future), including cryptocurrency firms not used to being regulated by a U.S. regulator. While established clearing houses may be familiar with working with the CFTC to address cyber events and system malfunctions as they happen, new entrants to this space may be less familiar with the requirements and process. Holding all clearing houses accountable to these new requirements, if and when enacted, will be critical to containing the impact of any threat.

In my experience as a long-standing law enforcement official, clear rules provide the strongest accountability, and strengthen the ability to bring a successful enforcement action.

Triggering events requiring notification

Under our proposed rule, clearing houses would report incidents without having to perform materiality analyses. They instead follow a list of notice-triggering events. The proposal states, "the Commission believes that both DCOs and the Division will benefit from having a clear, bright line rule…."

Clarity is important to both accountability and enforceability, and clear, well-considered rules should address the quickly changing environment faced by our clearing houses. For those reasons, I am interested in public comment on whether the proposed triggering events are sufficiently clear and complete to adapt to the ever-evolving cybersecurity threat landscape.

I am also interested in comment on whether the proposal encompasses incidents that may arise from the use of new or evolving technologies, including digital assets and algorithmic or artificial intelligence systems. I am similarly interested in public comment on whether our proposal would clearly apply to any cyber attack or other event that compromises, or may compromise, customer assets or property.

With threats that carry such severe harm, the goal for our final rule should be accountability and enforceability.

Timing requirements for notification

Under the existing rule, clearing houses are required to report incidents "promptly." I am interested in public comment on whether the "promptly" timing requirement for notifications is sufficiently clear and complete as to when the CFTC expects notification. I am interested in public comment on whether the "promptly" timing requirement sufficiently evolves and adapts to the changing threat landscape, changes in technology, and risks associated with digital assets.

Given the severe threat and the pace at which things in markets change, I am also interested in public comment on whether the "promptly" timing ensures sufficient

accountability and enforceability. I am interested in public comment about whether the Commission should complement the "promptly" timing standard with a defined time period of "but no later than 24-hours after discovery" (or other timeframe) in order to hold accountable, through supervision or enforcement, those clearing houses who delay notification until well after 24 hours and perhaps only after an investigation. However, I would not want a 24-hour defined time period to provide a reason for a clearing house to delay immediately notifying the Commission until just prior to 24 hours.

We can learn from the experience and approaches of our fellow regulators in this critical area as well. For example, the U.S. Securities and Exchange Commission recently proposed a four-day, bright-line rule for public disclosure of material cybersecurity incidents, specifically stating that an investigation of such incidents shall not delay disclosure. I am interested in public comment on whether it is clear that the "promptly" timing requirement means that an investigation shall not cause delay in notification, and if not clear, whether the Commission should explicitly address that in the final rule.[10]

Given the rapidly expanding cybersecurity threat, I am thankful that the Commission is considering expanding notification requirements, and I encourage staff to continue evaluating ways to enhance our regulatory regime to mitigate this threat.

Appendix 5 – Statement of Commissioner Caroline D. Pham

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[10] In March 2022, the U.S. Securities and Exchange Commission proposed a rule that issuers file a public Form 8-K within four days of a determination that a security incident is material. In contrast, the CFTC is not requiring public disclosure, but CFTC notification, which should take far less time. Securities and Exchange Commission, Proposed Rule, Cybersecurity Risk Management, Strategy, Governance, and Incident Disclosure, 87 FR 16590 (March 23, 2022).

I support the proposed amendments to the Reporting and Information Requirements for Derivatives Clearing Organizations (DCOs).

One of my priorities as Commissioner is to make progress on what's in front of the CFTC right now without taking too long. Today's proposal does just that, by proposing to fix an issue that arose two years ago in a prior Commission rulemaking.

There have been CFTC rules in the past where industry has been unable to implement the requirements because they did not fully account for market structure or operations. In many cases, the CFTC responds by getting stuck in an endless cycle of expiring and extending no-action relief until the rules are fixed to reflect reality, which sometimes never happens.

In this case, in January 2020, as part of a broad set of updates to its regulations applicable to DCOs, the Commission amended the daily reporting requirements for DCOs to require certain information at a more granular level than DCOs had ever been required to report.[1]

When the rules were finalized, CFTC staff learned of industry concerns about the ability of futures commission merchants to provide this information to DCOs. As a result, Division of Clearing and Risk staff issued a no-action letter extending the compliance date for this reporting requirement in order to resolve this issue.[2] Staff has already extended this relief once when the rule still had not yet been fixed.[3]

Thankfully, today's proposal would respond to the concerns raised by industry and fix the problem. It is an example of how the Commission can make progress on the many outstanding, necessary fixes to its rules. I thank and applaud the talented staff in

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[1] Derivatives Clearing Organization General Provisions and Core Principles, 85 Fed. Reg. 4,800 (Jan. 27, 2020).
[2] CFTC Letter No. 21-01 (Dec. 31, 2020).
[3] CFTC Letter No. 21-31 (Dec. 22, 2021) (further extending the compliance date). This relief expires January 27, 2023.

the CFTC's Division of Clearing and Risk on their efforts, and I encourage the Commission to do so in other areas as well.

The notice of proposed rulemaking also makes certain other improvements to the DCO reporting and information requirements. Specifically, the proposed amendments would, among other things, update information requirements associated with commingling customer funds and positions in futures and swaps in the same account, address certain systems-related reporting obligations regarding exceptional events, revise certain daily and event-specific reporting requirements, and include in an appendix the fields that a DCO is required to provide on a daily basis.

I look forward to receiving comment on these issues. I encourage commenters to comment on whether the proposed rules are clear and impose any new undue costs and obligations on our market participants. I will carefully review comments with an eye toward ensuring the proposal ensures consistency with our statutory mandate, and properly balances the costs and benefits of the Commission's actions.

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